EDGAR® Online

HILLENBRAND, INC.

FORM 10-Q
(Quarterly Report)

Filed 08/06/14 for the Period Ending 06/30/14

Address	ONE BATESVILLE BOULEVARD BATESVILLE, IN 47006
Telephone	(812)931-2304
CIK	0001417398
Symbol	HI
SIC Code	3990 - Miscellaneous Manufacturing Industries
Industry	Furniture & Fixtures
Sector	Consumer Cyclical
Fiscal Year	09/30

Powered By EDGAR® Online
http://www.edgar-online.com
© Copyright 2014, EDGAR Online, Inc. All Rights Reserved.
Distribution and use of this document restricted under EDGAR Online, Inc. Terms of Use.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2014

Commission File No. 001-33794

HILLENBRAND, INC.

(Exact name of registrant as specified in its charter)

Indiana	**26-1342272**
(State of incorporation)	(I.R.S. Employer Identification No.)
One Batesville Boulevard **Batesville, IN**	**47006**
(Address of principal executive offices)	(Zip Code)

(812) 934-7500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 62,845,997 shares of common stock, no par value per share, outstanding as of July 31, 2014.

HILLENBRAND, INC.
INDEX TO FORM 10-Q

		Page
	PART I — FINANCIAL INFORMATION	
Item 1.	Financial Statements (Unaudited)	
	Consolidated Statements of Income for the Three and Nine Months Ended June 30, 2014 and 2013	3
	Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended June 30, 2014 and 2013	4
	Consolidated Balance Sheets at June 30, 2014, and September 30, 2013	5
	Consolidated Statements of Cash Flow for the Nine Months Ended June 30, 2014 and 2013	6
	Condensed Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosures About Market Risks	35
Item 4.	Controls and Procedures	35
	PART II — OTHER INFORMATION	
Item 1.	Legal Proceedings	36
Item 1A.	Risk Factors	36
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 6.	Exhibits	41
SIGNATURES		

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Hillenbrand, Inc.
Consolidated Statements of Income (Unaudited)
(*in millions, except per share data*)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Nine Months Ended June 30, 2014	Nine Months Ended June 30, 2013
Net revenue	$ 416.8	$ 408.8	$ 1,198.5	$ 1,112.5
Cost of goods sold	267.5	276.0	775.4	735.2
Gross profit	149.3	132.8	423.1	377.3
Operating expenses	97.7	107.1	291.6	301.9
Operating profit	51.6	25.7	131.5	75.4
Interest expense	5.6	5.9	17.5	17.2
Other income (expense), net	0.1	(0.3)	9.7	0.3
Income before income taxes	46.1	19.5	123.7	58.5
Income tax expense	12.7	5.8	35.4	17.0
Consolidated net income	33.4	13.7	88.3	41.5
Less: Net income attributable to noncontrolling interests	0.6	0.4	2.2	1.2
Net income(1)	$ 32.8	$ 13.3	$ 86.1	$ 40.3
Net income(1) — per share of common stock:				
Basic earnings per share	$ 0.52	$ 0.21	$ 1.36	$ 0.64
Diluted earnings per share	$ 0.51	$ 0.21	$ 1.35	$ 0.64
Weighted average shares outstanding (basic)	63.1	62.8	63.2	62.7
Weighted average shares outstanding (diluted)	63.7	63.2	63.8	63.0
Cash dividends per share	$ 0.1975	$ 0.1950	$ 0.5925	$ 0.5850

(1) Net income attributable to Hillenbrand

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
(in millions)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Consolidated net income	$ 33.4	$ 13.7	$ 88.3	$ 41.5
Changes in other comprehensive income (loss), net of tax				
Currency translation adjustment	(3.3)	5.2	5.3	(3.8)
Pension and postretirement (net of quarter-to-date tax of $0.3 and $0.1 and year-to date tax of $1.8 and $1.5)	0.7	1.7	3.8	3.0
Change in net unrealized gain (loss) on derivative instruments (net of quarter-to-date tax of $— and $0.1 and year-to-date tax of $0.1 and $0.3)	(0.5)	0.2	(0.2)	(0.5)
Change in net unrealized gain (loss) on available-for-sale securities (net of quarter-to-date tax of $— and $— and year-to-date tax of $— and $0.1)	—	—	—	(0.2)
Total changes in other comprehensive income (loss), net of tax	(3.1)	7.1	8.9	(1.5)
Consolidated comprehensive income (loss)	30.3	20.8	97.2	40.0
Less: Comprehensive income attributable to noncontrolling interests	0.6	0.4	2.2	1.2
Comprehensive income (loss)(2)	$ 29.7	$ 20.4	$ 95.0	$ 38.8

(2) Comprehensive income (loss) attributable to Hillenbrand

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Balance Sheets (Unaudited)
(*in millions*)

	June 30, 2014	September 30, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 61.7	$ 42.7
Trade receivables, net	177.3	213.4
Unbilled receivables from long-term manufacturing contracts	146.3	142.1
Inventories	184.5	177.5
Deferred income taxes	23.4	22.3
Prepaid expenses	32.6	20.4
Other current assets	20.1	21.0
Total current assets	645.9	639.4
Property, plant, and equipment, net	169.4	171.9
Intangible assets, net	539.3	558.6
Goodwill	596.1	585.8
Other assets	40.7	47.5
Total Assets	$ 1,991.4	$ 2,003.2
LIABILITIES		
Current Liabilities		
Trade accounts payable	$ 178.0	$ 183.2
Liabilities from long-term manufacturing contracts and advances	100.5	80.9
Current portion of long-term debt	14.5	10.0
Accrued compensation	61.7	59.6
Deferred income taxes	15.4	12.1
Other current liabilities	107.6	119.7
Total current liabilities	477.7	465.5
Long-term debt	582.1	654.3
Long-term portion of accrued pension and postretirement healthcare	187.7	190.3
Deferred income taxes	69.9	75.4
Other long-term liabilities	33.1	41.4
Total Liabilities	1,350.5	1,426.9
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Common stock, no par value (63.5 and 63.1 shares issued, 62.8 and 62.9 shares outstanding)	—	—
Additional paid-in capital	341.6	321.7
Retained earnings	300.5	252.2
Treasury stock (0.7 and 0.2 shares)	(20.3)	(4.2)
Accumulated other comprehensive income (loss)	7.5	(1.4)
Hillenbrand Shareholders' Equity	629.3	568.3
Noncontrolling interests	11.6	8.0
Total Shareholders' Equity	640.9	576.3
Total Liabilities and Equity	$ 1,991.4	$ 2,003.2

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Cash Flow (Unaudited)
(*in millions*)

	Nine Months Ended June 30,	
	2014	2013
Operating Activities		
Consolidated net income	$ 88.3	$ 41.5
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	43.7	70.3
Deferred income taxes	(4.6)	(20.4)
Share-based compensation	6.2	5.0
Net (gain) loss on investments	(7.8)	0.8
Trade accounts receivable and receivables on long-term manufacturing contracts	33.6	(10.0)
Inventories	(6.2)	11.3
Other current assets	(12.8)	(26.4)
Trade accounts payable	(7.0)	(1.2)
Accrued expenses and other current liabilities	14.5	(38.2)
Income taxes payable	(7.9)	16.2
Pension plan funding	(13.4)	(15.4)
Pension and postretirement plan expense	10.8	13.1
Other, net	(0.5)	4.2
Net cash provided by operating activities	136.9	50.8
Investing Activities		
Capital expenditures	(17.9)	(19.1)
Proceeds from sales of property, plant, and equipment	0.8	1.3
Proceeds from investments	5.5	1.7
Acquisition of business, net of cash acquired	—	(415.7)
Other, net	1.1	1.0
Net cash used in investing activities	(10.5)	(430.8)
Financing Activities		
Proceeds from term loan	—	200.0
Repayments on term loan	(7.5)	(7.5)
Proceeds from revolving credit facilities, net of financing costs	247.1	648.9
Repayments on revolving credit facilities	(309.2)	(404.1)
Proceeds from other borrowings	0.7	—
Payments of dividends on common stock	(37.2)	(36.5)
Repurchases of common stock	(16.5)	—
Net proceeds (payments) on stock plans	13.5	(1.3)
Other, net	0.2	0.4
Net cash (used in) provided by financing activities	(108.9)	399.9
Effect of exchange rates on cash and cash equivalents	1.5	1.0
Net cash flows	19.0	20.9
Cash and cash equivalents:		
At beginning of period	42.7	20.2
At end of period	$ 61.7	$ 41.1

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Condensed Notes to Consolidated Financial Statements (Unaudited)
(*in millions, except share and per share data*)

1. Background and Basis of Presentation

Hillenbrand, Inc. ("Hillenbrand") is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands, robust cash generation capabilities, and strong core competencies. Hillenbrand has two segments: the Process Equipment Group and Batesville ®. The Process Equipment Group has multiple market-leading brands of process and material handling equipment and systems serving a wide variety of industries across the globe. Batesville is a recognized leader in the North American death care industry. Hillenbrand was incorporated on November 1, 2007, in the state of Indiana and began trading on the New York Stock Exchange under the symbol "HI" on April 1, 2008. "Hillenbrand," "the Company," "we," "us," "our," and similar words refer to Hillenbrand and its subsidiaries.

The accompanying unaudited consolidated financial statements include the accounts of Hillenbrand and its subsidiaries, including Coperion Capital GmbH ("Coperion"), which was acquired on December 1, 2012. The acquisition of Coperion included a few small subsidiaries where Coperion's ownership percentage was less than 100% . The Company's fiscal year ends on September 30. Unless otherwise stated, references to years relate to fiscal years.

These unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements and therefore do not include all information required in accordance with accounting principles generally accepted in the United States ("GAAP "). The unaudited consolidated financial statements have been prepared on the same basis as , and should be read in conjunction with, the audited consolidated financial statements and notes thereto included in our latest Annual Report on Form 10-K for the year ended September 30, 2013, as filed with the SEC. The September 30, 2013 Consolidated Balance Sheet included in this Form 10-Q was derived from audited consolidated financial statements, but does not include all disclosures required by GAAP for a year-end balance sheet included in Form 10-K. Certain prior period balances have been reclassified to conform to the current presentation. In the opinion of management, these financial statements reflect all adjustments necessary to present a fair statement of the Company's consolidated financial position and the consolidated results of operations and cash flow as of the dates and for the periods presented.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from those estimates. Examples of such estimates include, but are not limited to, revenue recognition under the percentage-of-completion method and the establishment of reserves related to customer rebates, doubtful accounts, warranties, early-pay discounts, inventories, income taxes, litigation, self-insurance, and progress toward achievement of performance criteria under the incentive compensation programs.

Correction of Errors

During the first quarter of 2014, we recorded an adjustment to operating expenses to correct errors related to the accounting for sales commissions at Coperion in 2013. The adjustment reduced operating expenses in the first quarter of 2014 by $2.0, which should have been recorded in 2013. In connection with this same issue, we identified a classification error of $8.5 between operating expenses and cost of goods sold in 2013. We have revised our consolidated statement of income for the three and nine months ended June 30, 2013, to increase cost of goods sold and decrease operating expenses by $2.3 and $5.0, respectively. We will revise the September 30, 2013 consolidated statements of income to reflect the corrections in future filings. These corrections decreased operating expenses and increase cost of goods sold by $8.5 for the year ended September 30, 2013. We believe the impact of these income statement classification errors and the $2.0 adjustment to correct a prior period error was immaterial to our consolidated financial statements for the current and prior periods.

2. Summary of Significant Accounting Policies

The significant accounting policies used in preparing these consolidated financial statements are consistent with the accounting policies described in our Annual Report on Form 10-K for 2013.

Recently Adopted and Issued Accounting Standards

In February 2013, the FASB issued Accounting Standards Update ("ASU") 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* . ASU 2013-02 is intended to improve the reporting of reclassifications out of accumulated other comprehensive income of various components. An entity is required to present significant amounts reclassified from each component of accumulated other comprehensive income and the income statement affected by the reclassification. The new disclosure requirements became effective and were adopted for our fiscal year beginning October 1, 2013. The adoption of this disclosure-only guidance did not have an impact on our consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* . ASU 2013-11 requires the netting of unrecognized tax benefits ("UTBs") against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions. Under ASU 2013-11, UTBs will be netted against all available same—jurisdiction loss or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the UTBs. ASU 2013-11 will be effective for our fiscal year beginning October 1, 2014. We do not expect the adoption of ASU 2013-11 to have a significant impact on our consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* , which includes amendments that change the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under ASU 2014-08, only disposals representing a strategic shift in operations should be presented as discontinued operations. ASU 2014-08 will be effective for our fiscal year beginning October 1, 2015. We do not expect the adoption of ASU 2014-08 to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers.* ASU 2014-09 supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* , and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 will be effective for our fiscal year beginning October 1, 2017, including interim periods within that reporting period, and allows for either full retrospective adoption or modified retrospective adoption, with early adoption not permitted. We are currently evaluating the impact that ASU 2014-09 will have on our consolidated financial statements.

In June 2014, the FASB issued ASU 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* . ASU 2014-12 states that a performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition. ASU 2014-12 will be effective for our fiscal year beginning October 1, 2016, with early adoption permitted. We are currently evaluating the impact that ASU 2014-12 will have on our consolidated financial statements.

3. Business Acquisitions

We completed the acquisition of Coperion on December 1, 2012, in a transaction valued at $545.0. The aggregate purchase consideration consisted of $269.1 of cash, net of cash acquired, and the assumption of $146.0 of debt and $129.9 of pension liabilities. We utilized $426.3 of borrowings under our revolving credit facility and cash on hand to finance the acquisition, including the repayment of $146.0 of debt outstanding under Coperion's prior financing arrangements.

This acquisition was the largest in the Company's history and represented an important step in the execution of our strategic plans to further diversify Hillenbrand and accelerate the growth of the Process Equipment Group. The integration of Coperion with the Process Equipment Group will continue to be a key initiative for the near term.

Combining Coperion's product offerings with those of our other Process Equipment Group companies to provide a more complete system solution is an important part of our integration. In addition, we believe leveraging Coperion's global infrastructure will enable all businesses within our Process Equipment Group to enter new global markets more quickly. We also expect the Process Equipment Group's strong U.S. sales network will enhance Coperion's expansion in North America. Finally, the application of the Company's Lean tools and other core competencies to Coperion's operations is expected to continue to contribute to improved margins and increased customer satisfaction.

The following table summarizes fair values of the assets acquired and liabilities assumed for the Coperion acquisition:

	December 1, 2012
Cash and cash equivalents	$ 32.8
Inventory	112.4
Current assets, excluding cash and cash equivalents and inventory	180.0
Property, plant, and equipment	54.4
Identifiable intangible assets	291.8
Goodwill	273.8
Other assets	2.1
Total assets acquired	947.3
Current liabilities	287.3
Accrued pension obligations	129.9
Deferred income taxes	67.3
Other long-term liabilities	6.7
Total liabilities assumed	491.2
Noncontrolling interests	8.2
Aggregate purchase price	$ 447.9

Final purchase accounting adjustments were made during the first quarter of 2014 that increased goodwill ($7.3) and the accrued pension obligations ($4.3) based on finalization of the actuarial analysis for Coperion's defined benefit plans. In addition, adjustments were made to increase current liabilities ($1.3) and noncontrolling interests ($1.7). In the second quarter of 2014, an immaterial $1.3 correction was made to the first quarter pension adjustment to decrease deferred income taxes resulting in total purchase accounting adjustments that increased goodwill by $6.0 in 2014. These adjustments are reflected in the table above.

Set forth below is unaudited pro forma information for the nine months ended June 30, 2013. The unaudited pro forma information is presented for informational purposes only and does not necessarily reflect the results of operations that would actually have been achieved.

	Nine Months Ended June 30, 2013
Pro forma net revenue	$ 1,227.7
Pro forma net income(1)	$ 87.9
Pro forma basic earnings per share	$ 1.40
Pro forma diluted earnings per share	$ 1.40

(1)Pro forma net income attributable to Hillenbrand

We incurred $13.5 of net business acquisition costs associated with the acquisition during the nine months ended June 30, 2013. These costs consisted of $13.4 of operating expenses and $1.1 of interest expense, partially offset by $1.0 of other income.

4. Supplemental Balance Sheet Information

	June 30, 2014	September 30, 2013
Trade accounts receivable reserves	$ 18.4	$ 19.3
Accumulated depreciation on property, plant, and equipment	$ 281.4	$ 268.0
Accumulated amortization on intangible assets	$ 126.4	$ 99.6
Inventories:		
Raw materials and components	$ 57.3	$ 58.3
Work in process	80.1	74.8
Finished goods	47.1	44.4
Total inventories	$ 184.5	$ 177.5

5. Financing Agreements

	June 30, 2014	September 30, 2013
$700 revolving credit facility (excludes outstanding letters of credit)	$ 264.4	$ 325.5
$200 term loan	182.5	190.0
$150 senior unsecured notes, due July 15, 2020, net of discount	148.9	148.8
Other borrowings	0.8	—
Total debt	596.6	664.3
Less: current portion	14.5	10.0
Total long-term debt	$ 582.1	$ 654.3

With respect to the $700 revolving credit facility (the "Facility"), as of June 30, 2014, we had $13.1 in outstanding letters of credit issued and $422.5 of maximum borrowing capacity. $342.8 of borrowing capacity is immediately available based on our leverage covenant at June 30, 2014, with additional amounts available in the event of a qualifying acquisition. The weighted-average interest rates on borrowings under the Facility were 1.32% and 1.35% for the three and nine months ended June 30, 2014, and 1.37% for the same periods in the prior year. The Facility carries a leverage-based facility fee, assessed on the entire facility amount.

The weighted average interest rates on the term loan were 1.58% and 1.64% for the three and nine months ended June 30, 2014, and 1.70% and 1.73% for the same periods in the prior year.

In the normal course of business, the Process Equipment Group provides customers with bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we maintain adequate capacity to provide the guarantees. As of June 30, 2014, we had guarantee arrangements with capacity totaling $279.3 under which $220.6 was utilized for this purpose. These arrangements include a €150.0 Syndicated Letter of Guarantee Facility ("LG Facility") under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued.

The availability of borrowings under the Facility and the LG Facility is subject to our ability to meet certain conditions including compliance with covenants, absence of default, and continued accuracy of certain representations and warranties. As of June 30, 2014, we were in compliance with all covenants.

We had restricted cash of $0.5 and $1.3 at June 30, 2014 and September 30, 2013.

6. Retirement Benefits

Defined Benefit Plans

	U.S. Pension Benefits Three Months Ended June 30,		Non-U.S. Pension Benefits Three Months Ended June 30,	
	2014	2013	2014	2013
Service costs	$ 1.0	$ 1.2	$ 0.4	$ 0.4
Interest costs	3.6	3.5	1.1	0.8
Expected return on plan assets	(3.5)	(3.6)	(0.3)	0.1
Amortization of unrecognized prior service costs, net	0.3	0.3	—	—
Amortization of net loss	0.9	1.8	—	—
Net pension costs	$ 2.3	$ 3.2	$ 1.2	$ 1.3

	U.S. Pension Benefits Nine Months Ended June 30,		Non-U.S. Pension Benefits Nine Months Ended June 30,	
	2014	2013	2014	2013
Service costs	$ 3.0	$ 3.6	$ 1.2	$ 1.2
Interest costs	10.9	9.4	3.2	2.8
Expected return on plan assets	(10.5)	(9.6)	(0.8)	(0.8)
Amortization of unrecognized prior service costs, net	0.7	0.7	—	—
Amortization of net loss	2.8	5.4	—	—
Net pension costs	$ 6.9	$ 9.5	$ 3.6	$ 3.2

Postretirement Healthcare Plans — Net postretirement healthcare costs were $0.1 and $0.1 for the three months ended June 30, 2014 and 2013, and $0.3 and $0.4 for the nine months ended June 30, 2014 and 2013.

Defined Contribution Plans — Expenses related to our defined contribution plans were $2.3 and $2.1 for the three months ended June 30, 2014 and 2013, and $6.5 and $6.2 for the nine months ended June 30, 2014 and 2013.

7. Income Taxes

The effective tax rates for the three months ended June 30, 2014 and 2013 were 27.5% and 29.7%. The effective tax rates for the nine months ended June 30, 2014 and 2013 were 28.6% and 29.1%. The decrease in the effective tax rates during the three and nine months ended June 30, 2014 was primarily due to current year discrete tax benefits.

Table of Contents

8. Earnings Per Share

The dilutive effects of performance-based stock awards were included in the computation of diluted earnings per share at the level the related performance criteria were met through the respective balance sheet date. At June 30, 2014 and 2013, potential dilutive effects, representing approximately 1,800,000 and 2,000,000 shares were excluded from the computation of diluted earnings per share as the related performance criteria were not yet met, although we expect to meet various levels of criteria in the future.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Net income(1)	$ 32.8	$ 13.3	$ 86.1	$ 40.3
Weighted average shares outstanding (basic - in millions)	63.1	62.8	63.2	62.7
Effect of dilutive stock options and other unvested equity awards (in millions)	0.6	0.4	0.6	0.3
Weighted average shares outstanding (diluted - in millions)	63.7	63.2	63.8	63.0
Basic earnings per share	$ 0.52	$ 0.21	$ 1.36	$ 0.64
Diluted earnings per share	$ 0.51	$ 0.21	$ 1.35	$ 0.64
Shares with anti-dilutive effect excluded from the computation of diluted earnings per share (in millions)	0.4	1.8	0.4	1.7

(1) Net income attributable to Hillenbrand

9. Shareholders’ Equity

During the nine months ended June 30, 2014, we paid $37.2 of cash dividends and acquired the remaining shares of a previously less than wholly-owned subsidiary for $1.4. We also repurchased approximately 527,000 shares of our common stock during the nine months ended June 30, 2014, for a total cost of $16.5, as part of an approved and publicly announced program.

10. Other Comprehensive Income (Loss)

	Pension and Postretirement	Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Net Unrealized Gain (Loss) on Available-for-Sale Securities	Total Attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2013	$ (33.0)	$ 31.4	$ 0.2	$ —	$ (1.4)		
Other comprehensive income before reclassifications							
Before tax amount	2.4	5.3	1.0	—	8.7	$ —	$ 8.7
Tax benefit (expense)	(0.7)	—	(0.3)	—	(1.0)	—	(1.0)
After tax amount	1.7	5.3	0.7	—	7.7	—	7.7
Amounts reclassified from accumulated other comprehensive income(1)	2.1	—	(0.9)	—	1.2	—	1.2
Net current period other comprehensive income (loss)	3.8	5.3	(0.2)	—	8.9	$ —	$ 8.9
Balance at June 30, 2014	$ (29.2)	$ 36.7	$ —	$ —	$ 7.5		

(1) Amounts are net of tax.

Reclassifications out of Accumulated Other Comprehensive Income include:

	Three Months Ended June 30, 2014			
	Amortization of Pension and Postretirement (1)			
	Net Loss Recognized	Prior Service Costs Recognized	(Gain)/Loss on Derivative Instruments	Total
Affected Line in the Consolidated Statement of Operations:				
Net revenue	$ —	$ —	$ (0.1)	$ (0.1)
Cost of goods sold	0.6	0.1	(0.1)	0.6
Operating expenses	0.2	0.1	—	0.3
Other income (expense), net	—	—	(0.1)	(0.1)
Total before tax	$ 0.8	$ 0.2	$ (0.3)	0.7
Tax expense				(0.3)
Total reclassifications for the period, net of tax				$ 0.4

	Nine Months Ended June 30, 2014			
	Amortization of Pension and Postretirement (1)			
	Net Loss Recognized	Prior Service Costs Recognized	(Gain)/Loss on Derivative Instruments	Total
Affected Line in the Consolidated Statement of Operations:				
Net revenue	$ —	$ —	$ (0.5)	$ (0.5)
Cost of goods sold	1.9	0.4	(0.4)	1.9
Operating expenses	0.7	0.2	—	0.9
Other income (expense), net	—	—	(0.4)	(0.4)
Total before tax	$ 2.6	$ 0.6	$ (1.3)	1.9
Tax expense				(0.7)
Total reclassifications for the period, net of tax				$ 1.2

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 6).

11. Share-Based Compensation

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Nine Months Ended June 30, 2014	Nine Months Ended June 30, 2013
Share-based compensation costs (income)	$ 1.1	$ (1.0)	$ 6.2	$ 5.0
Less impact of income tax benefit (expense)	0.4	(0.4)	2.3	1.8
Share-based compensation costs (income),net of tax	$ 0.7	$ (0.6)	$ 3.9	$ 3.2

Share-based compensation related to our long-term performance-based stock awards is contingent upon the creation of shareholder value as measured by the cumulative cash returns and final period net operating profit after tax compared to the performance-based targets for each grant over a three-year period. For certain performance based awards, compensation expense is adjusted each quarter based upon actual results to date and any changes to forecasted information on each of the separate grants. The share-based compensation income recognized during the three months ended June 30, 2013 was driven by these adjustments.

During the nine months ended June 30, 2014, we made the following grants:

	Number of Units
Stock options	455,922
Time-based stock awards	60,154
Performance-based stock awards (maximum that can be earned)	582,391

Stock options granted had a weighted-average exercise price of $28.18 and a weighted-average grant date fair value of $6.97. Our time-based stock awards and performance-based stock awards had a weighted-average grant date fair value of $29.30 and $28.56. Included in the performance-based stock awards granted during 2014 are 187,847 units whose payout level is based upon the Company's total shareholder return as it relates to the performance of companies in its compensation peer group over a three-year measurement period. These units will be expensed on a straight-line basis over the measurement period and are not subsequently adjusted after the grant date.

During the nine months ended June 30, 2014, we increased the shares issuable under the stock compensation plans by approximately 3,900,000.

12. Other Income (Expense), Net

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Nine Months Ended June 30, 2014	Nine Months Ended June 30, 2013
Equity in net income (loss) of affiliates	$ —	$ (0.2)	$ 2.6	$ (0.8)
Foreign currency exchange gain (loss), net	—	(0.2)	(0.6)	0.9
Business acquisition and transition costs, net	—	0.2	—	1.0
Gain on exercise of warrants	—	—	5.2	—
Service agreement cancellation	—	—	2.5	—
Other, net	0.1	(0.1)	—	(0.8)
Other income and expense, net	$ 0.1	$ (0.3)	$ 9.7	$ 0.3

Since our spin-off from our former parent, we have held warrants to purchase the common stock of Forethought Financial Group, Inc. ("Forethought"). Forethought was acquired by a third-party during the second quarter of 2014. In connection with that acquisition, these warrants were exercised for $6.2, resulting in a gain of $5.2 during the second quarter of 2014.

We recognized a $2.5 gain related to the cancellation of a service agreement at Batesville during the second quarter of 2014.

The acquisition of Coperion was transacted in euros. Business acquisition and integration costs, net within other income and expense represent the foreign exchange gain recognized on euro-denominated cash required to fund the acquisition, offset by the costs of derivative contracts that hedged currency exposure on the funds required to close the transaction.

13. Commitments and Contingencies

Litigation

General — Like most companies, we are involved on an ongoing basis in claims, lawsuits, and government proceedings relating to our operations, including environmental, patent infringement, business practices, commercial transactions, product and general liability, workers' compensation, auto liability, employment, and other matters. The ultimate outcome of these matters cannot be predicted with certainty. An estimated loss from these contingencies is recognized when we believe it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated; however, it is difficult to measure the actual loss that might be incurred related to litigation. If a loss is not considered probable and/or cannot be reasonably estimated, we are required to make a disclosure if there is at least a reasonable possibility that a significant loss may have been incurred. Legal fees associated with claims and lawsuits are generally expensed as incurred.

Claims other than employment and related matters have deductibles and self-insured retentions ranging from $0.5 to $1.0 per occurrence or per claim, depending upon the type of coverage and policy period. Outside insurance companies and third-party claims administrators assist in establishing individual claim reserves, and an independent outside actuary provides estimates of ultimate projected losses, including incurred but not reported claims, which are used to establish reserves for losses. Claim reserves for employment-related matters are established based upon advice from internal and external counsel and historical settlement information for claims and related fees when such amounts are considered probable of payment.

The recorded amounts represent our best estimate of the costs we will incur in relation to such exposures, but it is possible that actual costs will differ from those estimates.

Matthews Litigation — In August 2010, the York Group, Inc., Milso Industries Corporation, and Matthews International Corporation (collectively "Matthews") filed a lawsuit against Scott Pontone and Batesville Casket Company, Inc. in the U.S. District Court, Western District of Pennsylvania, which was subsequently amended by Matthews in February 2011 to include two additional defendants, Harry Pontone and Pontone Casket Company, LLC (the "Matthews Litigation"). The Matthews Litigation arises, in part, as a result of a Marketing Consulting Agreement entered into between Batesville and Pontone Casket Company effective June 24, 2010, and Batesville's hiring of two former employees of certain Matthews entities in June 2010. Scott Pontone provides consulting services to Batesville pursuant to the Marketing Consulting Agreement entered into between Batesville and Pontone Casket Company. Matthews alleges that Scott Pontone and Harry Pontone breached contractual and business obligations with Matthews and that Batesville induced certain of those breaches as part of its sales initiatives in the New York metropolitan area. Batesville has also asserted counterclaims against Matthews.

Matthews claims that it has lost revenue and will lose future revenue relating to six customers in the New York metropolitan area. Matthews seeks to: (i) recover compensatory damages ranging from $26 to $49, unspecified punitive damages, attorneys' fees and costs from all the defendants; and (ii) enjoin certain activities by Harry Pontone, Scott Pontone, Pontone Casket Company, and Batesville and its employees in the New York metropolitan area. Although Matthews originally moved for a preliminary injunction, that request was withdrawn. Batesville is seeking approximately $13 in counterclaim damages against Matthews.

Discovery has closed. The court has ruled on the parties' summary judgment motions, determining that factual issues exist for trial on claims and counterclaims. The jury trial has been scheduled to occur in December 2014.

The Company believes Batesville acted lawfully and intends to defend this matter vigorously. The Company does not believe, based on currently available information, that the outcome of this lawsuit will have a material adverse

effect on the Company's financial condition or liquidity. If Matthews prevails at trial, however, the outcome could be materially adverse to the Company's operating results or cash flows for the particular period, depending, in part, upon the operating results or cash flows for such period.

Horstmann Litigation — As previously disclosed, on March 18, 2013, a joint and several judgment was entered by the Higher Regional Court (OLG) Hamm, Germany, in favor of plaintiff, Jürgen Horstmann, and against defendants, Atlas-Vermögensverwaltungs GmbH, ThyssenKrupp Technologies Beteiligungen ("ThyssenKrupp"), and Hillenbrand subsidiary, Coperion, in the amount of €10.3, plus interest, for a total estimated judgment of €18.5 to €19.6 (the "Horstmann Litigation").

In February 2014, the Federal Court of Justice rejected an appeal of that judgment filed by the defendants, therefore making the judgment final and non-appealable. On April 28, 2014, Hillenbrand received confirmation that ThyssenKrupp paid the judgment amount specified by the court (including interest) to plaintiff Jürgen Horstmann. Prior to receipt of this confirmation of payment by ThyssenKrup, Hillenbrand's balance sheet at March 31, 2014 and September 30, 2013, included a long-term liability of $9.0 and $8.7 and a corresponding indemnification receivable, recorded in other assets, of $9.0 and $8.7. The $9.0 long-term liability and corresponding indemnification receivable that existed at March 31, 2014 were reversed from the consolidated balance sheet during the third quarter of 2014.

14. Fair Value Measurements

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs are unobservable for the asset or liability.

	Carrying Value at June 30, 2014	Fair Value at June 30, 2014 Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 61.7	$ 61.7	$ —	$ —
Investments in rabbi trust	5.8	5.8	—	—
Derivative instruments	0.5	—	0.5	—
Liabilities:				
$150 senior unsecured notes	148.9	162.2	—	—
Revolving credit facility	264.4	—	264.4	—
Term loan	182.5	—	182.5	—
Other borrowings	0.8	—	0.8	—
Derivative instruments	0.4	—	0.4	—

Included in Level 3 financial assets at September 30, 2013 were equity investments composed of $1.0 of warrants with a fair value of $5.0 to purchase the common stock of Forethought who was acquired by a third-party on January 2, 2014. These warrants were exercised during the second quarter of 2014 for $6.2 resulting in a $5.2 gain recorded in other income (expense), net.

The fair values of the revolving credit facility, term loan, and our other borrowings approximated book value at June 30, 2014. The fair values of the revolving credit facility, term loan, and other borrowings are estimated based on internally developed models, using current market interest rate data for similar issues as there is no active market for our revolving credit facility, term loan or other borrowings.

The fair values of the Company's derivative instruments are based upon pricing models using inputs derived from third-party pricing services or observable market data such as currency spot and forward rates. These values are periodically validated by comparing to third-party broker quotes. The aggregate notional value of these derivatives was $89.9 at June 30, 2014.

15. Segment and Geographical Information

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Net revenue				
Process Equipment Group	$ 274.0	$ 260.8	$ 755.7	$ 641.9
Batesville	142.8	148.0	442.8	470.6
Total	$ 416.8	$ 408.8	$ 1,198.5	$ 1,112.5
Adjusted EBITDA				
Process Equipment Group	$ 44.1	$ 33.3	$ 96.8	$ 78.5
Batesville	34.3	36.7	113.7	123.6
Corporate	(7.6)	(6.3)	(17.3)	(22.8)
Net revenue (1)				
United States	$ 224.7	$ 223.1	$ 643.0	$ 663.3
International	192.1	185.7	555.5	449.2
Total	$ 416.8	$ 408.8	$ 1,198.5	$ 1,112.5

(1) We attribute revenue to a geography based upon the location of the business unit that consummates the external sale.

	June 30, 2014	September 30, 2013
Total assets		
Process Equipment Group	$ 1,709.0	$ 1,708.6
Batesville	235.9	238.3
Corporate	46.5	56.3
Total	$ 1,991.4	$ 2,003.2
Property, plant and equipment, net		
United States	$ 99.5	$ 101.9
International	69.9	70.0
Total	$ 169.4	$ 171.9

The following schedule reconciles segment adjusted EBITDA to consolidated net income.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Adjusted EBITDA:				
Process Equipment Group	$ 44.1	$ 33.3	$ 96.8	$ 78.5
Batesville	34.3	36.7	113.7	123.6
Corporate	(7.6)	(6.3)	(17.3)	(22.8)
Less:				
Interest income	(0.3)	—	(0.6)	(0.3)
Interest expense	5.6	5.9	17.5	17.2
Income tax expense	12.7	5.8	35.4	17.0
Depreciation and amortization	14.7	27.4	43.7	70.3
Business acquisition and integration	1.7	2.4	4.7	12.4
Inventory step-up	—	8.0	—	18.7
Restructuring	1.6	0.3	2.8	2.2
Litigation	1.4	0.2	1.4	0.3
Consolidated net income	$ 33.4	$ 13.7	$ 88.3	$ 41.5

16. Condensed Consolidating Information

On January 9, 2013, the Company's subsidiary, Coperion Corporation, a Delaware corporation, was joined as a party to the Guaranty dated July 27, 2012 ("Guaranty"), by certain subsidiaries of the Company (including Coperion Corporation, the "Guarantors"). The Guaranty was entered into in connection with the Company's revolving credit facility. In accordance with the terms of the revolving credit facility, Coperion Corporation was required to join the Guaranty as a material domestic subsidiary of the Company following the acquisition of Coperion Capital GmbH.

On January 10, 2013, the Company, the Guarantors, and U.S. Bank National Association ("Trustee") entered into a supplemental indenture pursuant to which the Guarantors agreed to guarantee the obligations of the Company under its 5.50% Notes due 2020 issued pursuant to an Indenture entered into on July 9, 2010, between the Company and the Trustee. As such, certain 100% owned subsidiaries of Hillenbrand fully and unconditionally, jointly and severally, agreed to guarantee all of the indebtedness relating to our obligations under our 5.50% Notes due 2020. The following are the condensed consolidating financial statements, including the guarantors, which present the statements of income, balance sheets, and cash flows of (i) the parent holding company, (ii) the guarantor subsidiaries, (iii) the non-guarantor subsidiaries, and (iv) eliminations necessary to present the information for Hillenbrand on a consolidated basis.

Condensed Consolidating Statements of Income

	Three Months Ended June 30, 2014					Three Months Ended June 30, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net revenue	$ —	$ 219.6	$ 240.7	$ (43.5)	$ 416.8	$ —	$ 211.9	$ 235.5	$ (38.6)	$ 408.8
Cost of goods sold	—	113.5	172.2	(18.2)	267.5	—	107.4	180.5	(11.9)	276.0
Gross profit	—	106.1	68.5	(25.3)	149.3	—	104.5	55.0	(26.7)	132.8
Operating expenses	8.9	63.0	51.1	(25.3)	97.7	7.7	65.4	60.7	(26.7)	107.1
Operating profit	(8.9)	43.1	17.4	—	51.6	(7.7)	39.1	(5.7)	—	25.7
Interest expense	4.6	0.1	0.9	—	5.6	5.2	0.1	0.6	—	5.9
Other income (expense), net	—	(0.7)	0.8	—	0.1	(0.1)	(1.0)	0.8	—	(0.3)
Equity in net income (loss) of subsidiaries	39.3	2.7	—	(42.0)	—	19.3	2.9	—	(22.2)	—
Income (loss) before income taxes	25.8	45.0	17.3	(42.0)	46.1	6.3	40.9	(5.5)	(22.2)	19.5
Income tax expense (benefit)	(7.0)	15.9	3.8	—	12.7	(7.0)	13.0	(0.2)	—	5.8
Consolidated net income	32.8	29.1	13.5	(42.0)	33.4	13.3	27.9	(5.3)	(22.2)	13.7
Less: Net income attributable to noncontrolling interests	—	—	0.6	—	0.6	—	—	0.4	—	0.4
Net income (loss)(1)	$32.8	$ 29.1	$ 12.9	$ (42.0)	$ 32.8	$13.3	$ 27.9	$ (5.7)	$ (22.2)	$ 13.3
Consolidated comprehensive income (loss)	$29.7	$ 29.7	$ 9.8	$ (38.9)	$ 30.3	$20.4	$ 29.1	$ 0.5	$ (29.2)	$ 20.8
Less: Comprehensive income attributable to noncontrolling interests	—	—	0.6	—	0.6	—	—	0.4	—	0.4
Comprehensive income (loss)(2)	$29.7	$ 29.7	$ 9.2	$ (38.9)	$ 29.7	$20.4	$ 29.1	$ 0.1	$ (29.2)	$ 20.4

	Nine Months Ended June 30, 2014					Nine Months Ended June 30, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net revenue	$ —	$ 632.3	$ 693.1	$ (126.9)	$ 1,198.5	$ —	$ 638.2	$ 600.3	$ (126.0)	$ 1,112.5
Cost of goods sold	—	320.8	504.4	(49.8)	775.4	—	320.6	457.6	(43.0)	735.2
Gross profit	—	311.5	188.7	(77.1)	423.1	—	317.6	142.7	(83.0)	377.3
Operating expenses	29.7	188.2	150.8	(77.1)	291.6	35.5	194.1	155.3	(83.0)	301.9
Operating profit	(29.7)	123.3	37.9	—	131.5	(35.5)	123.5	(12.6)	—	75.4
Interest expense	14.3	0.2	3.0	—	17.5	14.8	0.2	2.2	—	17.2
Other income (expense), net	0.1	8.7	0.9	—	9.7	1.4	(2.7)	1.6	—	0.3
Equity in net income (loss) of subsidiaries	108.8	7.6	—	(116.4)	—	64.7	7.5	—	(72.2)	—
Income before income taxes	64.9	139.4	35.8	(116.4)	123.7	15.8	128.1	(13.2)	(72.2)	58.5
Income tax expense (benefit)	(21.2)	49.0	7.6	—	35.4	(24.5)	45.0	(3.5)	—	17.0
Consolidated net income	86.1	90.4	28.2	(116.4)	88.3	40.3	83.1	(9.7)	(72.2)	41.5
Less: Net income attributable to noncontrolling interests	—	—	2.2	—	2.2	—	—	1.2	—	1.2
Net income (loss)(1)	$86.1	$ 90.4	$ 26.0	$ (116.4)	$ 86.1	$40.3	$ 83.1	$ (10.9)	$ (72.2)	$ 40.3
Consolidated Comprehensive income (loss)	$95.0	$ 92.4	$ 35.1	$ (125.3)	$ 97.2	$38.8	$ 85.6	$ (11.1)	$ (73.3)	$ 40.0
Less: Comprehensive income attributable to noncontrolling interests	—	—	2.2	—	2.2	—	—	1.2	—	1.2
Comprehensive income (loss)(2)	$95.0	$ 92.4	$ 32.9	$ (125.3)	$ 95.0	$38.8	$ 85.6	$ (12.3)	$ (73.3)	$ 38.8

(1) Net income attributable to Hillenbrand
(2) Comprehensive income attributable to Hillenbrand

Table of Contents

Condensed Consolidating Balance Sheets

	June 30, 2014					September 30, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash and equivalents	$ 0.1	$ 11.4	$ 50.2	$ —	$ 61.7	$ 0.6	$ 8.7	$ 33.4	$ —	$ 42.7
Trade receivables, net	—	98.2	79.1	—	177.3	—	97.0	116.4	—	213.4
Unbilled receivables from long-term manufacturing contracts	—	2.6	143.7	—	146.3	—	15.2	126.9	—	142.1
Inventories	—	75.7	111.9	(3.1)	184.5	—	72.4	107.8	(2.7)	177.5
Deferred income taxes	9.1	11.5	2.8	—	23.4	9.1	8.3	4.9	—	22.3
Prepaid expense	2.1	6.5	24.0	—	32.6	1.0	4.4	15.0	—	20.4
Intercompany receivables	262.5	1,093.6	21.7	(1,377.8)	—	222.5	1,011.3	33.3	(1,267.1)	—
Other current assets	0.7	2.1	17.3	—	20.1	0.4	4.3	17.0	(0.7)	21.0
Total current assets	274.5	1,301.6	450.7	(1,380.9)	645.9	233.6	1,221.6	454.7	(1,270.5)	639.4
Property, plant and equipment, net	6.9	67.0	95.5	—	169.4	7.4	69.0	95.5	—	171.9
Intangible assets, net	2.6	188.7	348.0	—	539.3	2.7	194.3	361.6	—	558.6
Goodwill	—	211.7	384.4	—	596.1	—	209.3	376.5	—	585.8
Investment in consolidated subsidiaries	2,032.6	644.0	—	(2,676.6)	—	1,938.9	644.0	—	(2,582.9)	—
Other assets	13.0	24.5	4.1	(0.9)	40.7	13.9	19.0	15.5	(0.9)	47.5
Total Assets	$2,329.6	$ 2,437.5	$ 1,282.7	$ (4,058.4)	$ 1,991.4	$2,196.5	$ 2,357.2	$ 1,303.8	$ (3,854.3)	$ 2,003.2
Trade accounts payable	$ 0.5	$ 25.3	$ 152.6	$ (0.4)	$ 178.0	$ 0.6	$ 25.8	$ 156.8	$ —	$ 183.2
Liabilities from long-term manufacturing contracts and advances	—	22.4	78.1	—	100.5	—	12.3	68.6	—	80.9
Current portion of long-term debt	13.8	—	0.7	—	14.5	10.0	—	—	—	10.0
Accrued compensation	3.2	20.4	38.1	—	61.7	3.6	22.3	33.7	—	59.6
Deferred income taxes	—	—	15.4	—	15.4	—	—	12.1	—	12.1
Intercompany payables	1,124.5	256.4	—	(1,380.9)	—	1,048.1	221.7	—	(1,269.8)	—
Other current liabilities	5.2	56.4	45.6	0.4	107.6	3.6	69.3	47.5	(0.7)	119.7
Total current liabilities	1,147.2	380.9	330.5	(1,380.9)	477.7	1,065.9	351.4	318.7	(1,270.5)	465.5
Long-term debt	552.1	—	30.0	—	582.1	562.3	—	92.0	—	654.3
Accrued pension and postretirement healthcare	1.0	83.2	103.5	—	187.7	—	86.1	104.2	—	190.3
Deferred income taxes	—	22.4	48.4	(0.9)	69.9	—	46.2	30.1	(0.9)	75.4
Other long-term liabilities	—	25.3	7.8	—	33.1	—	24.4	17.0	—	41.4
Total Liabilities	1,700.3	511.8	520.2	(1,381.8)	1,350.5	1,628.2	508.1	562.0	(1,271.4)	1,426.9
Total Hillenbrand Shareholders' Equity	629.3	1,925.7	750.9	(2,676.6)	629.3	568.3	1,849.1	733.8	(2,582.9)	568.3
Noncontrolling interests	—	—	11.6	—	11.6	—	—	8.0	—	8.0
Total Equity	629.3	1,925.7	762.5	(2,676.6)	640.9	568.3	1,849.1	741.8	(2,582.9)	576.3
Total Liabilities and Equity	$2,329.6	$ 2,437.5	$ 1,282.7	$ (4,058.4)	$ 1,991.4	$2,196.5	$ 2,357.2	$ 1,303.8	$ (3,854.3)	$ 2,003.2

Condensed Consolidating Statements of Cash Flows

	Nine Months Ended June 30, 2014					Nine Months Ended June 30, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 72.1	$ 47.1	$ 65.0	$ (47.3)	$ 136.9	$ 81.3	$ 101.0	$ (35.6)	$ (95.9)	$ 50.8
Investing activities:										
Capital expenditures	(1.0)	(9.3)	(7.6)	—	(17.9)	(2.4)	(8.0)	(8.7)	—	(19.1)
Proceeds from property, plant, and equipment	—	0.8	—	—	0.8	1.2	0.1	—	—	1.3
Proceeds from investments	—	5.5	—	—	5.5	1.7	—	—	—	1.7
Acquisition of business, net of cash acquired	—	—	—	—	—	(404.3)	(0.5)	(10.9)	—	(415.7)
Other, net	—	0.2	0.9	—	1.1	1.0	—	—	—	1.0
Net cash used in investing activities	(1.0)	(2.8)	(6.7)	—	(10.5)	(402.8)	(8.4)	(19.6)	—	(430.8)
Financing activities:										
Proceeds from term loan	—	—	—	—	—	200.0	—	—	—	200.0
Repayments on term loan	(7.5)	—	—	—	(7.5)	(7.5)	—	—	—	(7.5)
Proceeds from revolving credit facilities, net of financing costs	196.4	—	50.7	—	247.1	557.9	—	91.0	—	648.9
Repayments on revolving credit facilities	(221.3)	—	(87.9)	—	(309.2)	(395.0)	—	(9.1)	—	(404.1)
Proceeds from other borrowings	—	—	0.7	—	0.7					
Payment of dividends - intercompany	—	(41.6)	(5.7)	47.3	—	—	(90.3)	(5.6)	95.9	—
Payment of dividends on common stock	(37.2)	—	—	—	(37.2)	(36.5)	—	—	—	(36.5)
Repurchases of common stock	(16.5)	—	—	—	(16.5)	—	—	—	—	—
Net proceeds (payments) on stock plans	13.5	—	—	—	13.5	(1.3)	—	—	—	(1.3)
Other, net	1.0	—	(0.8)	—	0.2	0.4	—	—	—	0.4
Net cash (used in) provided by financing activities	(71.6)	(41.6)	(43.0)	47.3	(108.9)	318.0	(90.3)	76.3	95.9	399.9
Effect of exchange rates on cash and cash equivalents	—	—	1.5	—	1.5	—	—	1.0	—	1.0
Net cash flow	(0.5)	2.7	16.8	—	19.0	(3.5)	2.3	22.1	—	20.9
Cash and equivalents at beginning of period	0.6	8.7	33.4	—	42.7	3.9	6.3	10.0	—	20.2
Cash and equivalents at end of period	$ 0.1	$ 11.4	$ 50.2	$ —	$ 61.7	$ 0.4	$ 8.6	$ 32.1	$ —	$ 41.1

17. Restructuring

During the three months ended June 30, 2014, Hillenbrand incurred $1.5 of restructuring costs ($1.5 expense at the Process Equipment Group, $0.1 gain at Batesville, and $0.1 expense at Corporate). These costs related primarily to severance costs at Coperion as we continue to integrate and streamline the business operations within the Process Equipment Group and were classified on the income statement as an increase to operating expenses.

Restructuring charges for the nine months ended June 30, 2014 totaled $2.8 ($1.8 expense at the Process Equipment Group, $0.3 gain at Batesville, and $1.3 expense at Corporate) and were classified on the income statement as follows: $0.2 reduction of cost of goods sold and $3.0 increase to operating expenses. The gain at Batesville was related to a $0.5 gain from the sale of real estate related to a restructuring event, offset in part by related expenses. Corporate restructuring charges of $1.3 were related to the realignment of the Company’s executive management team. Additional charges related to our planned restructuring initiatives of approximately $1.0 are expected to be incurred in 2014.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

Throughout this Form 10-Q, we make a number of "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. As the words imply, these are statements about future plans, objectives, beliefs, and expectations that might or might not happen in the future, as contrasted with historical information. Forward-looking statements are based on assumptions that we believe are reasonable, but by their very nature are subject to a wide range of risks.

Accordingly, in this Form 10-Q, we may say something like,

"We expect that future revenue associated with the Process Equipment Group will be influenced by order backlog."

That is a forward-looking statement, as indicated by the word "expect" and by the clear meaning of the sentence.

Other words that could indicate we are making forward-looking statements include:

intend	believe	plan	expect	may	goal	would
become	pursue	estimate	will	forecast	continue	could
targeted	encourage	promise	improve	progress	potential	should

This is not an exhaustive list, but is intended to give you an idea of how we try to identify forward-looking statements. The absence of any of these words; however, does not mean that the statement is not forward-looking.

Here is the key point : Forward-looking statements are not guarantees of future performance, and our actual results could differ materially from those set forth in any forward-looking statements. Any number of factors, many of which are beyond our control, could cause our performance to differ significantly from what is described in the forward-looking statements.

For a discussion of factors that could cause actual results to differ from those contained in forward-looking statements, see the discussions under the heading "Risk Factors" in Item 1A of Part II of this Form 10-Q. We assume no obligation to update or revise any forward-looking statements.

OPERATING PERFORMANCE MEASURES

The following discussion compares our results for the three and nine months ended June 30, 2014, to the same period in 2013. The Company's fiscal year ends on September 30. Unless otherwise stated, references to years relate to fiscal years. We begin the discussion at a consolidated level and then provide separate detail about the Process Equipment Group, Batesville, and Corporate. These financial results are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP").

We also provide certain non-GAAP operating performance measures. These non-GAAP measures are referred to as "adjusted" and exclude expenses associated with backlog intangible amortization, inventory step-up, business acquisition and integration, restructuring, and certain litigation costs. The related income tax for all of these items is also excluded. This non-GAAP information is provided as a supplement, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

We use this non-GAAP information internally to make operating decisions and believe it is helpful to investors because it allows more meaningful period-to-period comparisons of our ongoing operating results. The information can also be used to perform trend analysis and to better identify operating trends that may otherwise be masked or distorted by these types of items. We believe this information provides a higher degree of transparency.

An important non-GAAP measure Hillenbrand uses is adjusted earnings before interest, income tax, depreciation, and amortization ("adjusted EBITDA"). As previously discussed, a part of Hillenbrand's strategy

is to selectively acquire companies that we believe can benefit from our core competencies to spur faster and more profitable growth. Given that strategy, it is a natural consequence to incur related expenses, such as amortization from acquired intangible assets and additional interest expense from debt-funded acquisitions. Accordingly, we use adjusted EBITDA, among other measures, to monitor business performance.

Another important non-GAAP operational measure used is backlog. Backlog is not a term recognized under GAAP; however it is a common measurement used in the Process Equipment Group's industry. Order backlog represents the amount of consolidated revenue that we expect to realize on contracts awarded related to the Process Equipment Group. Backlog includes expected revenue from large systems, equipment, and to a lesser extent, replacement parts, components, and service. The length of time that projects remain in backlog can span from days for replacement parts and service to approximately 18 months for larger system sales. Backlog includes expected revenue from the remaining portion of firm orders not yet completed, as well as revenue from change orders to the extent that it is reasonably expected to be realized. For purposes of calculating backlog, 100% of estimated revenue attributable to consolidated subsidiaries is included, an insignificant portion of which are not wholly-owned by Hillenbrand.

Future revenue for the Process Equipment Group is influenced by backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Although backlog can be an indicator of future revenue, it does not include projects and parts orders that are booked and shipped within the same quarter. The timing of order placement, size, extent of customization, and customer delivery dates can create fluctuations in backlog and revenue. Revenue attributable to backlog is also affected by foreign exchange fluctuations for orders denominated in currencies other than United States dollars.

Net revenue is analyzed on a constant currency basis to better measure the comparability of results between periods. This information is provided because exchange rates can distort the underlying change in sales, either positively or negatively.

See pages 32-33 for reconciliations of our non-GAAP measures to the most directly comparable GAAP measures. There is no GAAP financial measure comparable to backlog; therefore, a quantitative reconciliation of backlog is not provided.

CRITICAL ACCOUNTING ESTIMATES

For the three and nine months ended June 30, 2014, there were no significant changes to our critical accounting estimates, as outlined in our Annual Report on Form 10-K for 2013.

EXECUTIVE OVERVIEW

(financial amounts in millions, except share and per share data, throughout Management's Discussion and Analysis)

Hillenbrand is a global diversified industrial company that makes and sells premium business-to-business products and services for a wide variety of industries. We pursue profitable growth and meaningful dividends for our shareholders by leveraging our leading brands, robust cash generation capabilities, and strong core competencies. Hillenbrand has two segments: the Process Equipment Group and Batesville ®. The Process Equipment Group has multiple market-leading brands of process and material handling equipment and systems serving a wide variety of industries across the globe. Batesville is a recognized leader in the North American death care industry, and performs several critical roles within our portfolio. It serves as the Company's core cash-generating operation by providing robust annual operating cash flows. In addition, as the origin of Hillenbrand's strong core competencies, including Lean, Strategy Management, and Talent Development, it provides talent to imbed these core competencies in acquired companies.

Batesville's performance has allowed management to invest in acquisitions that provide diversification, with a focus on companies with growth opportunities and an ability to benefit from Hillenbrand's strong core competencies. We believe we can most effectively continue to increase shareholder value by leveraging our strong financial position and core competencies to continue to build a global diversified industrial company with strong positions in multiple growth-oriented industries.

On December 1, 2012, we acquired Coperion Capital GmbH ("Coperion"), in a transaction valued at $545.0 . The Coperion acquisition was the largest in the Company's history and represented an important step in the execution of our strategic plans to further diversify Hillenbrand and accelerate the growth of the Process Equipment Group. The integration of Coperion will continue to be a key initiative for the near term. Combining Coperion's product offerings with those of our other Process Equipment Group companies to provide a more complete system solution is an important part of our integration. In addition, we believe leveraging Coperion's global infrastructure will enable all businesses within our Process Equipment Group to enter new global markets more quickly. We also expect the Process Equipment Group's strong U.S. sales network will enhance Coperion's expansion in North America. Finally, the application of the Company's Lean tools and other core competencies to Coperion's operations is expected to continue to contribute to improved margins and increased customer satisfaction.

OPERATIONS REVIEW — CONSOLIDATED

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2014		2013		2014		2013 (a)	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue	$ 416.8	100.0	$ 408.8	100.0	$ 1,198.5	100.0	$ 1,112.5	100.0
Gross profit	149.3	35.8	132.8	32.5	423.1	35.3	377.3	33.9
Operating expenses	97.7	23.4	107.1	26.2	291.6	24.3	301.9	27.1
Operating profit	51.6	12.4	25.7	6.3	131.5	11.0	75.4	6.8
Interest expense	5.6	1.3	5.9	1.4	17.5	1.5	17.2	1.5
Other income (expense), net	0.1	—	(0.3)	0.1	9.7	0.8	0.3	—
Income taxes	12.7	3.0	5.8	1.4	35.4	3.0	17.0	1.5
Net income(1)	32.8	7.9	13.3	3.3	86.1	7.2	40.3	3.6

(1) Net income attributable to Hillenbrand.
(a) Included seven months of operations related to Coperion following its acquisition on December 1, 2012.

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2013

Revenue increased $8.0 (2%) and was consistent with the prior year on a constant currency basis.

- The Process Equipment Group's revenue increased $13.2 (5%) or $5.2 (2%) on a constant currency basis. Although the revenue increase was attributable to all areas of the business, the primary driver was higher sales at Coperion. Order backlog increased $159.3 (28%) from $571.8 on June 30, 2013, to $731.1 on June 30, 2014.

- Batesville's revenue decreased $5.2 (4%) or $4.6 (3%) on a constant currency basis, due to a decrease in the average selling price ($3.5) and decreased volume ($1.1). Lower volume was driven by the decrease in North American burials, primarily due to the rate at which consumers opted for cremation.

Gross profit grew $16.5 (12%) to $149.3 due to lower business acquisition and integration costs in 2014. Consolidated gross profit margin increased 330 basis points to 35.8%. On an adjusted basis, which excluded items described below, the consolidated gross profit margin increased 120 basis points to 35.8%.

- The Process Equipment Group's gross profit grew $20.1 (27%) to $94.3. Gross profit margin increased 590 basis points to 34.4% in 2014. These changes were due to inventory step-up charges at Coperion in 2013 and increased revenues in 2014.

  Gross profit in 2013 included inventory step-up related to the Coperion acquisition ($8.0) and restructuring costs ($0.1). There were no comparable amounts for inventory step-up or restructuring charges that

impacted gross profit during 2014. Step-ups in inventory value during 2013 were recorded at the time of the Coperion acquisition and were subsequently expensed when the inventory was sold. Excluding these 2013 items, adjusted gross profit increased $12.0 (15%) and adjusted gross profit margin increased 280 basis points to 34.4%.

- Batesville's gross profit decreased 6% to $55.0 and gross profit margin decreased 110 basis points to 38.5%. The decrease in gross profit was due to lower volumes and decreases in average selling prices during 2014, partially offset by supply chain cost reduction initiatives.

  Gross profit in 2014 included a $0.1 reduction to cost of goods sold related to restructuring, due primarily to a gain from the sale of real estate. Gross profit in 2013 included $0.5 of restructuring expenses in 2013. Excluding these items, adjusted gross profit decreased $4.2 (7%) and adjusted gross margin decreased 150 basis points to 38.4%.

Operating expenses decreased $9.4 (9%) to $97.7, primarily due to lower business acquisition and integration costs and the impact of cost reduction initiatives in 2014 compared to 2013. The operating expenses to revenue ratio improved by 280 basis points to 23.4% in 2014. Operating expenses included the following items:

	Three Months Ended June 30,	
	2014	2013
Business acquisition and integration costs	$ 1.7	$ 2.5
Backlog amortization	—	12.8
Restructuring charges	1.6	0.2
Litigation costs and other	1.4	0.1

On an adjusted basis, which excluded business acquisition and integration costs, backlog amortization, restructuring charges and certain litigation costs, operating expenses increased $1.5 to $93.0. The adjusted operating expenses to revenue ratio improved 10 basis points in 2014 to 22.3%, largely due to increased revenue in the Process Equipment Group and cost reduction initiatives throughout the organization.

Interest expense decreased $0.3 primarily due to lower weighted-average outstanding borrowings in 2014 compared to 2013.

Other income (expense), net increased $0.4 to $0.1 of income. The increase was primarily the result of foreign currency losses and investment losses that occurred during 2013, for which there were no comparable amounts in 2014.

The effective tax rate was 27.5% in 2014 compared to 29.7% in 2013. The decrease in the effective tax rate was largely due to current year discrete tax benefits. Our adjusted effective income tax rate was 27.6% in 2014 compared to 30.0% in 2013 and excluded the tax impact of acquisition and integration costs, restructuring charges, and certain litigation costs.

Nine Months Ended June 30, 2014 Compared to Nine Months Ended June 30, 2013

Revenue grew $86.0 (8%) or $73.2 (7%) on a constant currency basis.

- The Process Equipment Group's revenue increased $113.8 (18%) or $98.7 (15%) on a constant currency basis. The revenue increase was primarily due to two additional months of Coperion revenue compared to 2013, as well as revenue growth in all areas of the business.

- Batesville's revenue decreased $27.8 (6%) or $25.5 (5%) on a constant currency basis, due to decreased volume ($22.4) and a decrease in the average selling price ($3.1). Lower volume was driven by the expected decrease in North American burials compared to the prior year, when the estimated number of deaths was at a record high level. Burial volume was also negatively impacted by the rate at which consumers opted for cremation.

Gross profit grew $45.8 (12%) to $423.1 primarily due to two additional months of Coperion operations in 2014. Consolidated gross profit margin increased 140 basis points to 35.3%. On an adjusted basis, which excluded items described below, the consolidated gross profit margin was 35.3%, a decrease of 50 basis points.

- The Process Equipment Group's gross profit grew $56.6 (29%) to $248.5 due primarily to the Coperion acquisition, which added two months of operations in 2014 compared to 2013. Gross profit margin increased 300 basis points to 32.9% in 2014 despite the inclusion of two additional months of Coperion's operations, which have historically provided lower gross profit margins than the other Process Equipment Group businesses. The improvement in the gross profit margin was driven by increased pricing and cost reduction initiatives across the group.

  Gross profit in 2014 included restructuring costs of $0.1. Gross profit in 2013 included restructuring costs ($0.3), as well as an inventory step-up charge related to the Coperion acquisition ($18.7), for which a comparable charge was not included in 2014. Excluding these items, adjusted gross margin was consistent with the prior year at 32.9%.

- Batesville's gross profit decreased 6% to $174.6, while gross profit margin remained consistent with the prior year at 39.4%. The decrease in gross profit was due to lower volume, offset in part by supply chain cost reduction initiatives.

  Gross profit in 2014 included a $0.3 reduction to cost of goods sold, due primarily to the sale of real estate, compared to $2.3 of expense in 2013. Excluding restructuring, adjusted gross profit decreased $13.4 (7%) and gross margin decreased 50 basis points to 39.4% in 2014.

Operating expenses decreased $10.3 (3%) to $291.6, primarily due to lower business acquisition and integration costs in 2014, offset by the increase in operating expenses resulting from the Coperion acquisition, which added two months of operations in 2014 compared to 2013. The operating expenses to revenue ratio improved 280 basis points to 24.3% in 2014 due primarily to lower acquisition-related costs in 2014. Operating expenses included the following items:

	Nine Months Ended June 30,	
	2014	2013
Business acquisition and integration costs	$ 4.7	$ 13.4
Backlog amortization	—	29.9
Restructuring charges	3.0	0.9
Litigation costs and other	1.4	0.2

On an adjusted basis, which excluded these items, operating expenses increased $25.0 to $282.5. The adjusted operating expenses to revenue ratio increased 50 basis points to 23.6% largely due to decreased revenue at Batesville and a refocus on non-acquisition-related projects at Corporate.

Interest expense increased $0.3 due primarily to borrowings in connection with the Coperion acquisition in December 2012, which led to higher weighted-average outstanding principal borrowings on the revolving credit facility, as well as interest expense incurred on the term loan. The higher level of borrowings was present for seven months in 2013 compared to nine months in 2014 and was offset in part by debt repayments in 2014.

Other income (expense), net increased $9.4 to $9.7. The increase was driven primarily by a $5.2 gain on the exercise of warrants to purchase common stock of Forethought, a $2.7 gain on limited partnership investments, and a $2.5 gain related to the cancellation of a service agreement at Batesville.

The effective tax rate was 28.6% compared to 29.1%. The decrease in the effective tax rate was largely due to current year discrete tax benefits. Our adjusted effective income tax rate was 28.7% compared to 29.1% for the prior year and excluded the tax impact of acquisition and integration costs, restructuring charges, and certain litigation costs.

OPERATIONS REVIEW — PROCESS EQUIPMENT GROUP

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2014		2013		2014		2013 (a)	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Net revenue	$ 274.0	100.0	$ 260.8	100.0	$ 755.7	100.0	$ 641.9	100.0
Gross profit	94.3	34.4	74.2	28.5	248.5	32.9	191.9	29.9
Operating expenses	63.4	23.1	74.1	28.4	187.3	24.8	192.1	29.9
Operating profit	30.9	11.3	0.1	—	61.2	8.1	(0.2)	—

(a) Included seven months of operations related to Coperion following its acquisition on December 1, 2012.

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2013

Revenue increased $13.2 (5%) or $5.2 (2%) on a constant currency basis. Although increases were attributable to all areas of the business, the primary driver was higher sales at Coperion. Order backlog increased $159.3 (28%) from $571.8 on June 30, 2013, to $731.1 on June 30, 2014.

Gross profit grew $20.1 (27%) to $94.3 due to inventory step-up charges recorded in 2013 ($8.0) that were not recorded in 2014, as well as increased revenues in 2014. Gross profit margin increased 590 basis points to 34.4% in 2014.

Gross profit in 2013 included inventory step-up related to the Coperion acquisition ($8.0) and restructuring costs ($0.1). There were no comparable amounts for inventory step-up or restructuring charges that impacted gross profit in 2014. Step-ups in inventory value were recorded at the time of the Coperion acquisition and were subsequently expensed when the inventory was sold. Excluding these 2013 items, adjusted gross profit increased $12.0 (15%) and adjusted gross profit margin increased 280 basis points to 34.4%.

Operating expenses decreased $10.7 (14%) to $63.4 and the operating expenses to revenue ratio improved by 530 basis points to 23.1% in 2014. The decrease in operating expenses and the improved ratio are primarily due to lower acquisition-related costs in 2014.

Operating expenses in 2014 included business acquisition and integration costs ($0.5) and restructuring costs ($1.5). Operating expenses in 2013 included business acquisition and integration costs ($1.0), restructuring costs ($0.2), and backlog amortization ($12.8). Excluding these items, adjusted operating expenses increased $1.3 to $61.4 and the operating expenses to revenue ratio improved 60 basis points to 22.4% in 2014.

Nine Months Ended June 30, 2014 Compared to Nine Months Ended June 30, 2013

Revenue increased $113.8 (18%) or $98.7 (15%) on a constant currency basis. The revenue increase was largely due to two additional months of Coperion operations compared to the prior year, as well as increased revenues in all areas of the business.

Gross profit grew $56.6 (29%) to $248.5 largely due to the Coperion acquisition, which added two months of operations in 2014 compared to 2013, as well as the impact of inventory step-up charges included in 2013 ($18.7). Gross profit margin increased 300 basis points to 32.9% in 2014 despite the inclusion of two additional months of Coperion's operations, which have historically provided lower gross profit margins than the other Process Equipment Group businesses. The improvement in the gross profit margin was driven by increased pricing and cost reduction initiatives across the group.

Gross profit in 2014 included restructuring costs of $0.1. Gross profit in 2013 included restructuring costs ($0.3), as well as an inventory step-up charge related to the Coperion acquisition ($18.7), for which a comparable charge was not included in 2014. Step-ups in inventory value were recorded at the time of the Coperion acquisition and were subsequently expensed when the inventory was sold. Excluding these items, adjusted gross margin was consistent with the prior year at 32.9%.

Operating expenses decreased $4.8 (2%) to $187.3 and the operating expenses to revenue ratio improved by 510 basis points to 24.8% in 2014. The decrease in operating expenses and the improved ratio are primarily due to lower acquisition-related costs in 2014.

Operating expenses included business acquisition and integration costs ($1.5 in 2014 and $1.3 in 2013), backlog amortization ($29.9 in 2013), and restructuring costs ($1.7 in 2014 and $0.2 in 2013). Excluding these items, adjusted operating expenses increased $23.4 to $184.1 and the operating expenses to revenue ratio improved 60 basis points to 24.4% in 2014.

OPERATIONS REVIEW — BATESVILLE

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2014		2013		2014		2013	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Net revenue	$ 142.8	100.0	$ 148.0	100.0	$ 442.8	100.0	$ 470.6	100.0
Gross profit	55.0	38.5	58.6	39.6	174.6	39.4	185.4	39.4
Operating expenses	25.3	17.7	25.6	17.3	74.2	16.8	75.2	16.0
Operating profit	29.7	20.8	33.0	22.3	100.4	22.7	110.2	23.4

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2013

Revenue decreased $5.2 (4%) or $4.6 (3%) on a constant currency basis, due to a decrease in the average selling price ($3.5) and decreased volume ($1.1). Lower volume was driven by the decrease in North American burials, primarily due to the rate at which consumers opted for cremation.

Gross profit decreased 6% to $55.0 and gross profit margin decreased 110 basis points to 38.5%. The decrease in gross profit was due to lower volumes and decreased average selling prices during 2014, partially offset by supply chain cost reduction initiatives.

Gross profit in 2014 included a $0.1 reduction to cost of goods sold related to restructuring in 2014, due primarily to a gain from the sale of real estate. Gross profit in 2013 included $0.5 of restructuring expenses. Excluding these items, adjusted gross profit decreased $4.2 (7%) and adjusted gross margin decreased 150 basis points to 38.4%.

Operating expenses decreased $0.3 to $25.3, primarily due to decreased variable compensation, partially offset by increased litigation costs. The operating expenses to revenue ratio increased 40 basis points to 17.7%.

Operating expenses in 2014 included $1.4 of certain litigation costs. Excluding these costs, adjusted operating expenses in 2014 were $23.9, a $1.6 reduction from 2013, and the operating expenses to revenue ratio improved by 50 basis points to 16.7%.

Nine Months Ended June 30, 2014 Compared to Nine Months Ended June 30, 2013

Revenue decreased $27.8 (6%) or $25.5 (5%) on a constant currency basis, due to decreased volume ($22.4) and a decrease in the average selling price ($3.1). Lower volume was driven by a decrease in North American burials compared to the prior year, when the estimated number of deaths was at a record high level. Burial volume was also negatively impacted by the rate at which consumers opted for cremation.

Gross profit decreased 6% to $174.6, while gross profit margin remained consistent with the prior year at 39.4%. The decrease in gross profit was due to lower volume, offset in part by supply chain cost reduction initiatives.

Gross profit in 2014 included a $0.2 reduction to cost of goods sold, due primarily from the sale of real estate, compared to $2.3 of expense in 2013. Excluding restructuring, adjusted gross profit decreased $13.4 (7%) and gross margin decreased 50 basis points to 39.4% in 2014.

Operating expenses decreased $1.0 to $74.2, primarily due to lower variable compensation, partially offset by increased litigation costs. The operating expenses to revenue ratio increased 80 basis points to 16.8%.

Operating expenses in 2014 included $1.4 of certain litigation costs. Operating expenses in 2013 included $0.5 of restructuring costs and $0.2 of litigation and other costs. Excluding these costs, adjusted operating expenses in 2014 were $72.8, a reduction of $1.7 from 2013, and the operating expenses to revenue ratio increased by 60 basis points to 16.4% largely due to decreased volume.

REVIEW OF CORPORATE EXPENSES

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2014		2013		2014		2013	
	$	% of Revenue	$	% of Revenue	$	% of Revenue	$	% of Revenue
Core operating expenses	$ 7.7	1.8	$ 5.9	1.4	$ 25.6	2.1	$ 22.3	2.0
Business acquisition and integration costs	1.2	0.3	1.5	0.4	3.2	0.3	12.1	1.1
Restructuring	0.1	—	—	—	1.3	0.1	0.2	—
Operating expenses	$ 9.0	2.1	$ 7.4	1.8	$ 30.1	2.5	$ 34.6	3.1

Core operating expenses represent operating expenses, excluding costs related to business acquisition and integration, as well as restructuring costs, that we incur as a result of our strategy to grow through selective acquisitions.

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2014

Core operating expenses increased $1.8 (31%) primarily due to higher compensation and benefits and a refocus on non-acquisition-related projects. These expenses as a percentage of revenue were 1.8%, an increase of 40 basis points from 2013.

Nine Months Ended June 30, 2014 Compared to Nine Months Ended June 30, 2014

Core operating expenses increased $3.3 (15%) primarily due to higher compensation and benefits and a refocus on non-acquisition related projects. These expenses as a percentage of revenue were 2.1%, an increase of 10 basis points from 2013. Restructuring charges ($1.3) primarily represent expenses associated with the realignment of our executive management team.

Table of Contents

NON -GAAP OPERATING PERFORMANCE MEASURES

The following are reconciliations from the most directly comparable GAAP operating performance measures to our non-GAAP (adjusted) performance measures.

	Three Months Ended June 30,					
	2014			2013		
	GAAP	Adjustments	Adjusted	GAAP	Adjustments	Adjusted
Cost of goods sold	$ 267.5	$ 0.1(a)	$ 267.6	$ 276.0	$ (8.6)(c)	$ 267.4
Operating expenses	97.7	(4.7)(b)	93.0	107.1	(15.6)(d)	91.5
Interest expense	5.6	—	5.6	5.9	(0.5)(e)	5.4
Other income (expense), net	0.1	—	0.1	(0.3)	(0.2)(f)	(0.5)
Income tax expense	12.7	1.3(m)	14.0	5.8	7.4(m)	13.2
Net income(1)	32.8	3.3	36.1	13.3	17.1	30.4
Diluted EPS	0.51	0.06	0.57	0.21	0.27	0.48
Ratios:						
Gross margin	35.8%	0.0%	35.8%	32.5%	2.1%	34.6%
Operating expenses as a % of revenue	23.4%	(1.1)%	22.3%	26.2%	(3.8)%	22.4%

	Nine Months Ended June 30,					
	2014			2013		
	GAAP	Adjustments	Adjusted	GAAP	Adjustments	Adjusted
Cost of goods sold	$ 775.4	$ 0.2(g)	$ 775.6	$ 735.2	$ (21.3)(i)	$ 713.9
Operating expenses	291.6	(9.1)(h)	282.5	301.9	(44.4)(j)	257.5
Interest expense	17.5	—	17.5	17.2	(1.1)(k)	16.1
Other income (expense), net	9.7	—	9.7	0.3	(1.1)(l)	(0.8)
Income tax expense	35.4	2.6(m)	38.0	17.0	19.2(m)	36.2
Net income(1)	86.1	6.3	92.4	40.3	46.5	86.8
Diluted EPS	1.35	0.10	1.45	0.64	0.74	1.38
Ratios:						
Gross margin	35.3%	0.0%	35.3%	33.9%	1.9%	35.8%
Operating expenses as a % of revenue	24.3%	(0.7)%	23.6%	27.1%	(4.0)%	23.1%

(1) Net income attributable to Hillenbrand

P = Process Equipment Group; B = Batesville; C = Corporate

(a) Restructuring costs ($0.1 reduction B)
(b) Business acquisition and integration costs ($0.5 P, $1.2 C), litigation costs ($1.4 B), restructuring costs ($1.5 P, $0.1 C)
(c) Inventory step up ($8.0 P), restructuring costs ($0.1 P, $0.5 B)
(d) Business acquisition and integration costs ($1.0 P, $1.5 C), backlog amortization ($12.8 P), restructuring costs ($0.2 P), other ($0.1 B)
(e) Business acquisition and integration costs ($0.5 C)
(f) Business acquisition and integration costs ($0.2 C)
(g) Restructuring costs ($0.1 P, $0.3 reduction B)
(h) Business acquisition and integration costs ($1.5 P, $3.2 C), litigation costs ($1.4 B), restructuring costs ($1.7 P, $1.3 C)
(i) Inventory step up ($18.7 P), restructuring costs ($0.3 P, $2.3 B)
(j) Business acquisition and integration costs ($1.3 P, $12.1 C), backlog amortization ($29.9 P), restructuring ($0.2 P, $0.5 B, $0.2 C), litigation costs ($0.1 B), other ($0.1 B)
(k) Business acquisition and integration costs ($1.1 C)
(l) Acquisition-related foreign currency transactions ($0.8 C), business acquisition and integration costs ($0.2 C), other ($0.1 B)
(m) Tax effect of adjustments

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Consolidated net income	$ 33.4	$ 13.7	$ 88.3	$ 41.5
Interest income	(0.3)	—	(0.6)	(0.3)
Interest expense	5.6	5.9	17.5	17.2
Income tax expense	12.7	5.8	35.4	17.0
Depreciation and amortization	14.7	27.4	43.7	70.3
EBITDA	$ 66.1	$ 52.8	$ 184.3	$ 145.7
Business acquisition and integration	1.7	2.4	4.7	12.4
Inventory step-up	—	8.0	—	18.7
Restructuring	1.6	0.3	2.8	2.2
Litigation and other	1.4	0.2	1.4	0.3
Adjusted EBITDA	$ 70.8	$ 63.7	$ 193.2	$ 179.3

Consolidated adjusted EBITDA increased $7.1 (11%) and $13.9 (8%) for the three and nine months ended June 30, 2014 compared to the same periods in 2013. The increase during the three months ended June 30, 2014 was driven primarily by increased sales volume and profitability in the Process Equipment Group. The increase during the nine months ended June 30, 2014 was driven primarily by increased sales volume in the Process Equipment Group, a $5.2 million gain from the exercise of warrants to purchase common stock of Forethought, a $2.7 million gain on limited partnership investments, and a $2.5 gain related to the cancellation of a service agreement. The growth in the Process Equipment Group and the gains noted above more than offset the impact of lower volume and average selling prices in the Batesville segment.

LIQUIDITY AND CAPITAL RESOURCES

We believe our ability to generate cash from operating activities is one of our fundamental financial strengths. In this section, we discuss our ability to generate and access cash to meet business needs. We describe actual results in generating and utilizing cash by comparing the first nine months of 2014 to the same period last year. We discuss how we see cash flow being affected for the next twelve months. While it is not a certainty, we explain where we think the cash will come from and how we intend to use it. Finally, we identify other significant matters that could affect liquidity on an ongoing basis.

We believe the twelve-month outlook for our business remains strong. As a result of our expected cash flow from operations, we have significant flexibility to meet our financial commitments including working capital needs, capital expenditures, and financing obligations. Our debt financing includes long-term notes, a term loan, and a revolving credit facility, as part of our overall financing strategy. We believe we continue to have ready access to capital markets and we regularly review the optimal mix of fixed-rate and variable-rate debt. In addition to cash balances and our ability to access long-term financing, we had $422.5 of maximum borrowing capacity under the revolving credit facility as of June 30, 2014. $342.8 of borrowing capacity is immediately available based on our leverage covenant at June 30, 2014, with additional amounts available in the event of a qualifying acquisition. The available borrowing capacity reflects a reduction of $13.1 for outstanding letters of credit issued under the revolving credit facility. The Company may request an increase of up to $300.0 to the total borrowing capacity under the revolving credit facility, subject to the approval of the lenders.

In the normal course of business, the Process Equipment Group provides customers with bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we are required to maintain adequate capacity to provide the guarantees. As of June 30, 2014, we had guarantee arrangements with capacity totaling $279.3, under which $220.6 was utilized for this purpose. These arrangements include a €150.0 Syndicated Letter of Guarantee Facility ("LG Facility"), under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued. The Company may request an increase to the total capacity under the LG facility by an additional €70.0 subject to approval of the lenders.

We have significant operations outside the U.S. The majority of foreign earnings is considered to be indefinitely reinvested in foreign jurisdictions where the Company has made, and intends to continue to make, substantial investments to support the ongoing development and growth of our international operations. Accordingly, no U.S. federal and state income taxes have been accrued on the portion of our foreign earnings that is considered to be indefinitely reinvested in foreign jurisdictions. The cash at our international subsidiaries totaled $50.1 at June 30, 2014. We do not intend, nor do we foresee a need, to repatriate these funds; however, repatriation of these funds under current regulatory and tax law for use in domestic operations would expose us to additional taxes.

We do not currently have plans to make contributions to our pension plans in excess of statutory requirements during 2014. The minimum required contribution to meet these requirements in 2014 is estimated to be $20.1, with $13.4 contributed as of June 30, 2014. We will continue to monitor plan funding levels, performance of the assets within the plans, and overall economic activity, and will make funding decisions based on the net impact of these factors.

We currently expect to pay quarterly cash dividends in the future comparable to those we paid in 2013, which will require approximately $12.4 each quarter based on our outstanding common stock at June 30, 2014. We are currently authorized by our Board of Directors to purchase additional shares of our common stock, and may elect to do so, depending on market conditions and other needs for cash consistent with our growth strategy. We repurchased approximately 527,000 shares of our common stock for $16.5 as part of that plan during 2014. There were no repurchases of shares of our common stock during the three months ended June 30, 2014.

We believe existing cash, cash flows from operations, and the issuance of debt to continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities. Based on these factors, we believe our current liquidity position is strong, and will continue to meet all of our financial commitments for the foreseeable future.

	Nine Months Ended June 30,	
	2014	**2013**
Cash flows provided by (used in):		
Operating activities	$ 136.9	$ 50.8
Investing activities	(10.5)	(430.8)
Financing activities	(108.9)	399.9
Effect of exchange rate changes on cash and cash equivalents	1.5	1.0
Net cash flows	$ 19.0	$ 20.9

Operating Activities

Cash provided by operating activities during the first nine months of 2014 compared to the same period in the prior year increased $86.1 (169%) primarily due to two additional months of Coperion operations, improved working capital, and lower acquisition and integration spending. Working capital requirements for Coperion may fluctuate due to the mix and geography of customer projects in process at any point in time. Working capital needs are lower when advance payments from customers are more heavily weighted toward the beginning of the project. Conversely, working capital needs are higher when a larger portion of the cash is to be received in later stages of manufacturing.

Investing Activities

The change in cash used in investing activities in the first nine months of 2014 compared to the same period in the prior year was primarily due to decreased acquisition activity. We paid $415.6 in 2013 for Coperion but had no acquisition activity in the first nine months of 2014. In addition, during the second quarter of 2014, we received $5.2 related to the exercise of warrants to purchase common stock of Forethought.

Financing Activities

Cash (used in)/provided by financing activities was largely impacted by our acquisition activity. Our general practice is to utilize our cash to pay down debt unless it is needed for an acquisition. Cash used in financing activities during the first nine months of 2014 was $108.9, including $68.9 of net debt repayments. Cash provided by financing activities in the first nine months of 2013 was $399.9 primarily due to the acquisition of Coperion. This included net borrowings on the term loan of $192.5 and net borrowings on the revolving credit facility of $244.8.

We returned $37.2 to shareholders during the first nine months of 2014 in the form of quarterly dividends. We increased our quarterly dividend in 2014 to $0.1975 per common share from $0.1950 per common share paid during 2013. In addition, we repurchased approximately 527,000 shares of our common stock in 2014, for a total cost of $16.5, as part of an approved and publicly announced program.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements.

Recently Adopted and Issued Accounting Standards

For a summary of recently issued and adopted accounting standards applicable to us, see Item 1, Note 2 of Part I of this Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

A discussion of quantitative and qualitative disclosures about market risk may be found in Item 7A of our 2013 Form 10-K filed with the SEC on November 25, 2013. There have been no material changes in this information since the filing of our 2013 Form 10-K.

Item 4. CONTROLS AND PROCEDURES

Our management, with the participation of our President and Chief Executive Officer and our Vice President, Controller, Chief Accounting Officer and Interim Chief Financial Officer (the “Certifying Officers”), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based upon that evaluation, the Certifying Officers concluded that our disclosure controls and procedures as of the end of the period covered by this report are effective.

There have been no changes in internal controls over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for the period covered by this report that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 13 to the interim consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

Item 1A. RISK FACTORS

In this section of the Form 10-Q, we describe the risks we believe are most important for you to think about when you consider investing in, selling, or owning our stock or debt. This information should be assessed along with the other information we provide you in this Form 10-Q. Like most companies, our business involves risks. The risks described below are not the only risks we face, but these are the ones we currently think have the potential to significantly affect stakeholders in our Company if they were to develop adversely (due to size, volatility, or both). We exclude risks that we believe are inherent in all businesses broadly as a function of simply being "in business." Additional risks not currently known or considered immaterial by us at this time and thus not listed below could also result in adverse effects on our business. We have assigned the risks into categories to help you understand from where they emanate (e.g. the overall Company or a specific segment).

Risk Related to Hillenbrand

1. A key component of our growth strategy is making significant acquisitions, some of which may be outside the industries in which we currently operate. We may not be able to achieve some or all of the benefits that we expect to achieve from these acquisitions. If an acquisition were to perform unfavorably, it could have an adverse impact on our value.

All acquisitions involve inherent uncertainties, which may include, among other things, our ability to:

- successfully identify targets for acquisition;
- negotiate reasonable terms;
- properly perform due diligence and determine all the significant risks associated with a particular acquisition; and
- successfully transition the acquired company into our business and achieve the desired performance.

We may acquire businesses with unknown liabilities, contingent liabilities, internal control deficiencies, or other risks. We have plans and procedures to review potential acquisition candidates for a variety of due diligence matters, including compliance with applicable regulations and laws prior to acquisition. Despite these efforts, realization of any of these liabilities or deficiencies may increase our expenses, adversely affect our financial position, or cause us to fail to meet our public financial reporting obligations.

We generally seek indemnification from sellers covering these matters; however, the liability of the sellers is often limited, and certain former owners may be unable to meet their indemnification responsibilities. We cannot assure you that these indemnification provisions will fully protect us, and as a result we may face unexpected liabilities that adversely affect our profitability and financial position.

We may not achieve the intended benefits of the acquisition and our business could be materially impacted. Under such circumstances, management could be required to spend significant amounts of time and resources in the transition of the acquired business. In addition, any benefits we anticipate from application of our Lean manufacturing and Lean business expertise may not be fully realized.

If we acquire a company that operates in an industry that is different from the ones in which we currently operate, our lack of experience with that company's industry could have a material adverse impact on our ability to effectively manage that business and realize the benefits of that acquisition.

2. Global market and economic conditions, including those related to the financial markets, could have a material adverse effect on our operating results, financial condition, and liquidity.

Our business is sensitive to changes in general economic conditions, both inside and outside the U.S. Although we have seen stability or growth in some geographies since the global economic turmoil that began in 2008, we cannot assure you that these improvements will be sustainable or predict when the next recession will occur. In addition, uncertainties in the euro zone may depress demand in the area and create additional risk to our financial results.

Instability in the global economy and financial markets can adversely affect our business in several ways, including limiting our customers' ability to obtain sufficient credit or pay for our products within the terms of sale. Competition could further intensify among the manufacturers and distributors with whom we compete for volume and market share, resulting in lower net revenue due to steeper discounts and product mix-down. In addition, if certain key or sole suppliers were to become capacity constrained or insolvent, it could result in a reduction or interruption in supplies or a significant increase in the price of supplies.

Substantial losses in the equity markets could have an adverse effect on the assets of the Company's pension plans. Volatility of interest rates and negative equity returns could require greater contributions to the defined benefit plans in the future.

3. International economic, political, legal, and business factors could negatively affect our operating results, cash flows, financial condition, and growth.

We derived approximately 46% and 40% of our revenue from outside the U.S. for the nine months ended June 30, 2014 and 2013. This revenue is primarily generated in Europe, the Middle East, Asia, South America, and Canada. In addition, we have manufacturing operations, suppliers, and employees located outside the U.S. Since our growth strategy depends in part on our ability to further penetrate markets outside the U.S., we expect to continue to increase our sales and presence outside the U.S., including in emerging markets.

Our international business is subject to risks that are often encountered in non-U.S. operations, including:

- interruption in the transportation of materials to us and finished goods to our customers;
- differences in terms of sale, including payment terms;
- local product preferences and product requirements;
- changes in a country's or region's political or economic condition, including with respect to safety and health issues;
- trade protection measures and import or export licensing requirements;
- unexpected changes in laws or regulatory requirements, including negative changes in tax laws;
- limitations on ownership and on repatriation of earnings and cash;
- difficulty in staffing and managing widespread operations;
- differing labor regulations;
- difficulties in enforcing contract and property rights under local law;
- difficulties in implementing restructuring actions on a timely or comprehensive basis; and
- differing protection of intellectual property.

Such risks may be more likely in emerging markets, where our operations may be subject to greater uncertainty due to increased volatility associated with the developing nature of their economic, legal, and governmental systems.

If we are unable to successfully manage the risks associated with expanding our global business, or to adequately manage operational fluctuations, it could adversely affect our business, financial condition or results of operations.

4. We rely upon our employees, agents, and business partners to comply with laws in many different countries and jurisdictions. We establish policies and provide training to assist them in understanding our policies and the regulations applicable to our business; however, our reputation, ability to do business, and financial results may be impaired by improper conduct by these individuals.

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by our employees, agents, or business partners that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, anti-kickback and false claims, competition, export and import compliance, money laundering, and data privacy. In particular, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, and we operate in many parts of the world that have experienced governmental corruption to some degree. Any such improper actions could subject us to civil or criminal investigations in the U.S. and in other jurisdictions; could lead to substantial civil and criminal, monetary and non-monetary penalties, and related shareholder lawsuits; could cause us to incur significant legal fees; and could damage our reputation.

5. We are subject to risks arising from currency exchange rate fluctuations, which may adversely affect our results of operations and financial condition.

We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, since our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations. Although we address currency risk management through regular operating and financing activities, and through the use of derivative financial instruments, those actions may not prove to be fully effective.

6. Increased prices for, or unavailability of, raw materials used in our products could adversely affect profitability.

Our profitability is affected by the prices of the raw materials used in the manufacture of our products. These prices fluctuate based on a number of factors beyond our control, including changes in supply and demand, general economic conditions, labor costs, fuel-related delivery costs, competition, import duties, tariffs, currency exchange rates, and, in some cases, government regulation. Significant increases in the prices of raw materials that cannot be recovered through increases in the price of our products could adversely affect our results of operations and cash flows.

We cannot guarantee that the prices we are paying for commodities today will continue in the future or that the marketplace will continue to support current prices for our products or that such prices can be adjusted to fully offset commodity price increases in the future. Any increases in prices resulting from a tightening supply of these or other commodities could adversely affect our profitability. We do not engage in hedging transactions for raw material purchases, but we do enter into some fixed-price supply contracts.

Our dependency upon regular deliveries of supplies from particular suppliers means that interruptions or stoppages in such deliveries could adversely affect our operations until arrangements with alternate suppliers could be made. Several of the raw materials used in the manufacture of our products currently are procured from a single source. If any of these sole-source suppliers were unable to deliver these materials for an extended period of time as a result of financial difficulties, catastrophic events affecting their facilities, or other factors, or if we were unable to negotiate acceptable terms for the supply of materials with these sole-source suppliers, our business could be adversely affected. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs. Extended unavailability of a necessary raw material could cause us to cease manufacturing one or more products for a period of time.

7. The Company could face labor disruptions that would interfere with operations.

Approximately 40% of Hillenbrand’s employees work under collective bargaining agreements. Although we have not experienced any significant work stoppages in the past 20 years as a result of labor disagreements, we cannot

ensure that such a stoppage will not occur in the future. Inability to negotiate satisfactory new agreements or a labor disturbance at one or more of our facilities could have a material adverse effect on our operations.

8. Volatility in our investment portfolio could adversely impact our operating results and financial condition.

Hillenbrand has certain investments that were transferred to us by our former parent company with an aggregate carrying value of $12.7 as of June 30, 2014. Volatility in our investment portfolio impacts earnings. These investments could be adversely affected by general economic conditions, changes in interest rates, equity market volatility, and other factors, resulting in an adverse impact on our operating results and financial condition.

9. We are involved on an ongoing basis in claims, lawsuits, and governmental proceedings relating to our operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, and other matters. The ultimate outcome of these claims, lawsuits, and governmental proceedings cannot be predicted with certainty, but could have a material adverse effect on our financial condition, results of operations, and cash flows.

We are also subject to other potential claims, including product and general liability, workers compensation, auto liability, and employment-related matters. While we maintain insurance for certain of these exposures, the policies in place are high-deductible policies. For a more detailed discussion of asserted claims, see Item 1, Note 13 of Part I of this Form 10-Q.

10. Upon the closing of our acquisition of Coperion, we increased our debt obligations significantly. This increase could adversely affect the Company and limit our ability to respond to changes in our businesses.

As of June 30, 2014, our outstanding debt was $596.6. This level of debt could have important consequences to our businesses. For example:

- We may be more vulnerable to general adverse economic and industry conditions because we have lower borrowing capacity.
- We will be required to dedicate a larger portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including business development efforts and acquisitions.
- We will continue to be exposed to the risk of increased interest rates because a portion of our borrowings is at variable rates of interest.
- We may be more limited in our flexibility in planning for, or reacting to, changes in our businesses and the industries in which they operate, thereby placing us at a competitive disadvantage compared to competitors that have less indebtedness.

11. Provisions in our Articles of Incorporation and By-laws and facets of Indiana law may prevent, complicate, or delay an acquisition of the Company, which could decrease the trading price of our common stock.

Our Articles of Incorporation and By-laws, as well as Indiana law, contain provisions that could delay or prevent changes in control if our Board of Directors determines that such changes in control are not in the best interests of our shareholders. While these provisions have the effect of encouraging persons seeking to acquire control of our Company to negotiate with our Board of Directors, they could enable our Board of Directors to hinder or frustrate a transaction that the Board of Directors believes is not in the best interests of shareholders, but which some, or a majority, of our shareholders might believe to be in their best interests.

These provisions include, among others:

- the division of our Board of Directors into three classes with staggered terms;
- the inability of our shareholders to act by less than unanimous written consent;
- rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;
- the right of our Board of Directors to issue preferred stock without shareholder approval; and
- limitations on the right of shareholders to remove directors.

Indiana law also imposes some restrictions on mergers and other business combinations between us and any holder of 10% or more of our outstanding common stock.

We believe these provisions are important for a public company and protect our shareholders from coercive or otherwise potentially unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with appropriate time to assess any acquisition proposal. These provisions are not intended to make our Company immune from takeovers; however, they may apply if the Board of Directors determines that a takeover offer is not in the best interests of our shareholders, even if some shareholders believe the offer to be beneficial.

Risk Related to the Process Equipment Group

1. A significant portion of our investments in the Process Equipment Group includes goodwill and intangible assets that are subject to periodic impairment evaluations. An impairment loss on these assets could have a material adverse impact on our financial condition and results of operations.

We acquired intangible assets with the acquisitions of Coperion, K-Tron, and Rotex, portions of which were identified as either goodwill or indefinite-lived assets. We periodically assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes, or planned changes in use of the assets, divestitures, and market capitalization declines may impair these assets. Any charges relating to such impairments could adversely affect our results of operations in the periods recognized.

2. The Process Equipment Group operates in cyclical industries.

As an industrial capital goods supplier, the Process Equipment Group serves industries that are cyclical. During periods of economic expansion, when capital spending normally increases, the Process Equipment Group generally benefits from greater demand for its products. During periods of economic contraction, when capital spending normally decreases, the Process Equipment Group generally is adversely affected by declining demand for new equipment orders, and it may be subject to uncollectible receivables from customers who become insolvent. There can be no assurance that economic expansion or increased demand will be sustainable.

3. The Process Equipment Group derives significant revenues from the energy industry. Any decrease in demand for electricity, natural gas, or coal, or an increase in regulation of the energy industry, could have a material adverse effect on our business, financial condition, and results of operations.

The Process Equipment Group sells dry material separation and size reduction equipment to the electric generating, natural gas, and coal mining industries. A significant portion of its sales are tied to the consumption of natural gas and coal as a means of generating electricity. The demand for natural gas and coal is dependent upon the availability and cost of alternative sources of energy, such as oil or nuclear power. Additionally, the cost of compliance with federal, state, and local laws and regulations on the energy industry may impact the demand for our products. As a result, any downturn in or disruption to the natural gas or coal industries or decrease in the demand for electricity could have a material adverse effect on our business, financial condition, and results of operations.

Risk Related to Batesville

1. Continued fluctuations in mortality rates and increased cremations may adversely affect, as they have in recent years, the sales volume of our burial caskets.

The life expectancy of U.S. citizens has increased steadily since the 1950s and is expected to continue to do so for the foreseeable future. As the population of the U.S. continues to age, we anticipate the number of deaths in the U.S. will be relatively flat until an increase in deaths among aging baby boomers causes mortality rates to increase.

Cremations as a percentage of total U.S. deaths have increased steadily since the 1960s and are expected to continue to increase for the foreseeable future. The increase in the number of cremations in the U.S. has resulted in a contraction in the demand for burial caskets. This has been a contributing factor to lower burial casket sales

volumes for Batesville in each of the last five years. We expect these trends to continue in the foreseeable future and will likely continue to negatively impact burial casket volumes.

Finally, the number of deaths can vary over short periods of time and among different geographical areas, due to a variety of factors, including the timing and severity of seasonal outbreaks of illnesses such as pneumonia and influenza. Such variations could cause the sale of burial caskets to fluctuate from quarter to quarter and year to year.

2. Batesville's business is dependent on several major contracts with large national funeral providers. The relationships with these customers pose several risks.

Batesville has contracts with a number of national funeral home customers that constitute a sizeable portion of its overall sales volume. Any decision by national funeral home customers to discontinue purchases from Batesville could have a material adverse effect on our financial condition, results of operations, and cash flows. Also, while contracts with national funeral service providers give Batesville important access to purchasers of death care products, they may obligate Batesville to sell products at contracted prices for extended periods of time, therefore limiting Batesville's ability, in the short term, to raise prices in response to significant increases in raw material prices or other factors.

3. Batesville is facing competition from a number of non-traditional sources and from caskets manufactured abroad and imported into North America.

Non-traditional death care product providers, such as large discount retail stores, casket stores, and internet casket retailers could present more of a competitive threat to Batesville and its sales channel than is currently anticipated. In addition, a few foreign manufacturers, mostly from China, import caskets into the U.S. and Canada. For the past three years, sales from these non-traditional and Chinese providers have remained relatively stable and represent a small percentage of total casket sales in North America, collectively less than 5%. It is not possible to quantify the financial impact that these competitors will have on Batesville in the future. These competitors and any new entrants into the funeral products business may drive pricing and other competitive actions in an industry that already has nearly twice the necessary domestic production capacity. Such competitive developments could have a negative impact on our results of operations and cash flows.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of equity securities during the three months ended June 30, 2014.

Item 6. EXHIBITS

The exhibits filed with this report are listed on the Exhibit Index, which is incorporated herein by reference. In reviewing any agreements included as exhibits to this report, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements may contain representations and warranties by the parties to the agreements, including us. Except where explicitly stated otherwise, these representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not necessarily be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	HILLENBRAND, INC.
Date: August 6, 2014	BY: /s/ Elizabeth E. Dreyer
	Elizabeth E. Dreyer Vice President, Controller, Chief Accounting Officer, and Interim Chief Financial Officer

EXHIBIT INDEX

Exhibit 3.1	Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective March 31, 2008 (Incorporated by reference to Exhibit 3.1 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 3.2	Articles of Correction of the Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective March 31, 2008 (Incorporated by reference to Exhibit 3.2 to Quarterly Report on Form 10-Q filed August 12, 2008)
Exhibit 3.3	Amended and Restated Code of By-laws of Hillenbrand, Inc. (Incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed December 6, 2013)
Exhibit 10.1*	Employment Agreement dated as of June 18, 2014, by and between Hillenbrand, Inc. and Kristina Cerniglia
Exhibit 31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	Instance document
Exhibit 101.SCH	Schema document
Exhibit 101.CAL	Calculation linkbase document
Exhibit 101.LAB	Labels linkbase document
Exhibit 101.PRE	Presentation linkbase document
Exhibit 101.DEF	Definition linkbase document

* Filed herewith.

Exhibit 10.1

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement"), is made as of the 18 th day of June, 2014, by and between Hillenbrand, Inc., an Indiana corporation (the "Company"), and Kristina Cerniglia ("Executive"). Each of the Company and Executive is sometimes referred to below as a "Party" and together they are the "Parties." The Company's direct and remote parent and subsidiary companies, and those companies under common control with the Company, as constituted from time to time, are referred to below as its "affiliated companies."

RECITALS

The Parties have agreed that as of August 5, 2014, or such other date as the Parties shall mutually agree (the "Effective Date"), the Company will employ Executive in an executive capacity in accordance with the terms of this Agreement. This Agreement is made to document certain of the terms and conditions of such employment relationship.

AGREEMENTS

NOW, THEREFORE, the Parties, intending to be legally bound, agree as follows:

1. Employment . The Company will employ Executive on an at-will employment basis commencing on the Effective Date. Executive accepts employment by the Company on that basis.

2. Position and Duties . Executive's position and title will initially be as the Senior Vice President and Chief Financial Officer of the Company. Executive agrees to perform all duties and accept all responsibilities incidental to that position or as may be properly assigned to Executive. Executive's position and duties may include being employed by, serving as an officer or director of, and providing services to or for, one or more of the Company's affiliated companies, as directed by the Company. Executive is instructed by the Company, and agrees, not to perform any duties or engage in any activities that would conflict with any potential post-employment obligations to any prior employers.

3. Efforts and Loyalty . During the term of Executive's employment under this Agreement, Executive agrees to use Executive's reasonable best efforts in the conduct of the Company's business endeavors entrusted to Executive and agrees to devote substantially all of Executive's working time and efforts, attention and energy to the discharge of the duties and responsibilities of Executive to and for the Company. Executive agrees not to engage in any other activities that interfere with Executive's performance under this Agreement and agrees not to work in any capacity for any other business or enterprise without first obtaining the Company's written consent thereto. Notwithstanding the foregoing, nothing herein shall prevent Executive from devoting time to her personal investments, or charitable or civic activities.

4. Compensation . Commencing on the Effective Date, for all services rendered by Executive to or for the Company or its affiliated companies, Executive shall be paid as follows:

(a) A base salary at an initial annual rate of $475,000, less withholdings and deductions;

(b) Commencing with the Company's fiscal year that begins October 1, 2014, incentive compensation under the Company's Short-Term Incentive Compensation Plan ("STIC Plan") with a target annual amount equal to 75% of Executive's annual base salary, payable solely at the discretion of the Company (and subject to repayment in full or in part in the event of a restatement of the Company's financial statements in accordance with any applicable policy, law or agreement);

(c) As an inducement to Executive and in order to make the Executive whole for certain annual and long-term incentive and bonus compensation that the Executive is forfeiting, the Executive will receive cash and equity awards in an aggregate amount equal to $1,480,000, subject to the vesting conditions and other terms and conditions as agreed by the Parties;

(d) Commencing with the Company's fiscal year that begins October 1, 2014, long-term incentive compensation under the Company's Stock Incentive Plan with an initial target amount of $600,000, subject to the terms of the Company's Stock Incentive Plan, and with the amount and terms of future grants determined in the sole discretion of the Compensation and Management Development Committee of the Board (the "Compensation Committee");

(e) The other compensation and benefits described in the attached summary, subject, however, to the terms of this Agreement; and

(f) Such additional compensation, benefits and perquisites as the Company may from time to time deem appropriate.

5. Changes to Compensation. Subject to Section 10 below, the Company reserves the right to, and Executive agrees that the Company may, make prospective changes to Executive's compensation from time to time in the Company's sole discretion, including, but not limited to, modifying or eliminating a compensation component; provided, however, that Executive shall be and shall remain entitled to participate in all benefit plans and programs maintained by the Company on the same basis as other peer-level officers.

6. Restrictions. Executive represents and warrants to the Company that Executive is not a party to or bound by any noncompetition or other agreement, with any former employer or otherwise, that limits or restricts in any manner Executive's right, as an employee or in any other capacity, to be employed by or provide advice or services to, the Company or any of its affiliates. Executive further understands and agrees that her employment is contingent upon her not divulging or using any non public, confidential information belonging to any other business or enterprise.

7. Termination Without Cause. The Company may terminate the employment relationship between Executive and the Company at any time, without Cause for doing so, upon written notice of termination given to Executive, effective as of a date specified by the

Company that is on or after the date of such notice. In such event, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

8. Termination With Cause. Executive's employment may be terminated by the Company at any time with "Cause" for doing so upon written notice of termination to Executive specifying the date of termination and the factual circumstances constituting "Cause" for such termination. For purposes of this Agreement, the Company will have "Cause" to terminate Executive's employment if Executive has:

(a) Acted with gross neglect or willful misconduct in the discharge of Executive's duties and responsibilities or refused to follow or comply with the lawful direction of the Company or the terms and conditions of this Agreement, provided such refusal is not based primarily on Executive's good faith compliance with applicable legal or ethical standards; or

(b) Acquiesced or participated in any conduct that is dishonest, fraudulent, illegal (at the felony level), unethical, involves moral turpitude or is otherwise illegal and involves conduct that has the potential, in the Company's reasonable opinion, to cause the Company, its officers or its directors embarrassment or ridicule; or

(c) Violated a material requirement of any Company policy or procedure, or policy or procedure of an affiliated company that applies to Executive; or

(d) Disclosed without proper authorization any trade secrets or other confidential information of the Company or any of its affiliated companies; or

(e) Engaged in any act that, in the reasonable opinion of the Company, is materially injurious to the Company or would hold the Company, its officers or directors up to probable civil or criminal liability, provided that, if Executive acts in good faith in compliance with applicable legal or ethical standards, such actions shall not be grounds for termination for Cause.

Upon the termination of Executive's employment for Cause, Executive shall only be entitled to such compensation, benefits, and perquisites that have been paid or accrued as of the effective date of termination. To the extent any violation of this Section is capable of being promptly cured by Executive (or cured within a reasonable period to the Company's satisfaction), the Company agrees to provide Executive with a reasonable opportunity to so cure such defect following written notification detailing the alleged misconduct that the Company contends constitutes Cause. Absent written mutual agreement otherwise, the Parties agree in advance that it is not possible for Executive to cure any violations of sub-paragraph (b) or (d) and, therefore, no opportunity for cure need be provided in those circumstances.

9. Termination Without Good Reason. Executive may terminate the employment relationship between Executive and the Company at any time, without Good Reason for doing so, upon sixty (60) days' advance written notice of such termination given to the

Company. In such event, Executive shall only be entitled to such compensation, benefits and perquisites that have been paid or accrued as of the effective date of termination.

10. Termination With Good Reason . Executive may terminate the employment relationship between Executive and the Company with "Good Reason" for doing so by following the process provided below in this Section. For such purpose, "Good Reason" means:

(a) A material reduction in Executive's then-current base annual salary or aggregate target compensation;

(b) Failure to provide Executive the same benefits and perquisites that are provided to other peer-level officers;

(c) Relocation of Executive's principal location of work to any location that is in excess of 100 miles from the Company's then-existing corporate headquarters;

(d) A material diminution in Executive's authority, duties or responsibilities, including but not limited to the loss of title "Senior Vice President and Chief Financial Officer" in favor of an inferior title; or

(e) Any action or inaction that constitutes a material breach of this Agreement by the Company.

In order for Executive to initiate the process of terminating the employment relationship for Good Reason, Executive must first provide written notice to the Company of Executive's intent to terminate for Good Reason, and in such notice Executive must describe in reasonable detail the event or circumstance that Executive believes constitutes Good Reason for such termination of employment. That notice must be received by the Company within 90 days after the initial occurrence of such "Good Reason" event or circumstance described by Executive in the notice in order for the notice to be effective under this Section. The Company shall then have 30 days following the receipt of such notice in which to remedy or cure such event or circumstance so that Good Reason no longer exists for Executive to terminate the employment relationship. If the Company does not remedy or cure such event or circumstance within such 30-day cure period, Executive may then terminate the employment relationship by written notice of termination for Good Reason received by the Company within 60 days after the end of the above 30-day cure period, again describing in reasonable detail in such notice the event or circumstance relied on by Executive as constituting Good Reason for such termination. Notice of termination received by the Company after such 60-day period will not be effective under this Section. In the event Executive's employment is terminated by Executive for Good Reason in accordance with this Section, Executive shall be entitled to all compensation, benefits and perquisites paid or accrued as of the date of termination and shall also be entitled to receive severance compensation and benefits in accordance with the provisions of Section 12.

11. Termination Due to Death or Disability . In the event Executive dies or suffers a disability (as defined below) during the term of employment, this Agreement shall automatically be terminated on the date of such death or may be terminated on account of such disability by the Company by written notice to Executive specifying the date of

termination. For purposes of this Agreement, Executive shall be considered to have suffered a "disability" upon a determination by the Company, or an admission by Executive, that Executive cannot perform the essential functions of Executive's position as a result of physical or mental incapacity and the occurrence of one or more of the following events:

(a) Executive becomes eligible for or receives any benefits pursuant to any disability insurance policy as a result of a determination under such policy that Executive is permanently disabled;

(b) Executive becomes eligible for or receives any disability benefits under the Social Security Act; or

(c) A good faith determination by the Company that Executive is and will likely remain unable to perform the essential functions of Executive's duties or responsibilities hereunder on a full-time basis, with or without reasonable accommodation, as a result of any mental or physical impairment.

In the event of the termination of Executive's employment on account of death or disability, Executive shall be entitled only to such compensation, benefits and perquisites as shall have been paid or accrued as of the date of such termination, including but not limited to any incentive compensation due to Executive in accordance with the terms of the STIC Plan.

12. Severance Compensation and Benefits . In the event that (a) Executive's employment is either terminated by the Company without Cause under Section 7 or by Executive for Good Reason under Section 10, and (b) Executive is not entitled to more favorable severance or similar compensation or benefits under a "Change in Control" or similar agreement in connection with the termination of Executive's employment relationship, and (c) Executive executes and delivers to the Company, within twenty-one (21) days (or such longer period required by law if applicable) after termination of Executive's employment relationship, and does not revoke, a written Release (as defined below), then, except as provided below in this Section 12 and subject to the terms of this Agreement and the aforementioned Release, Executive shall be entitled to receive the following:

(a) Severance compensation ("Severance Pay") equal to twelve (12) months of Executive's base salary (based upon Executive's base salary at the time of termination of employment and subject to required tax or other withholdings) payable to Executive in a lump sum within thirty (30) days after the date on which Executive's employment is terminated; provided, that notwithstanding the foregoing: (i) if the termination of Executive's employment occurs during November or December, the commencement of Severance Pay payable to Executive shall not occur prior to January 1 of the following year, and (ii) if Executive is a "specified employee" under Section 409A of the Internal Revenue Code of 1986, as amended, or any successor law (the "Code"), then any portion of the Severance Pay that is not exempt from Section 409A, and that would otherwise be payable to Executive during the first six (6) months following the termination of Executive's employment, shall not be paid to Executive until the

ten (10) business day period immediately following the expiration of such six (6) month period.

(b) If Executive timely elects in the proper form, pursuant to the Consolidated Budget Reconciliation Act ("COBRA"), to continue health care coverage for Executive and/or Executive's dependents under the health plan in which Executive had coverage at the time of the termination of Executive's employment, then the Company will reimburse to Executive monthly (as taxable income to Executive) an amount that is not less than the dollar amount of health care premiums that the Company and its affiliated companies were paying on behalf of Executive and/or Executive's dependents immediately prior to the termination of Executive's employment, such premium reimbursements to continue until the earlier of (i) the date that is twelve (12) months after Executive's employment is terminated, or (ii) the date as of which Executive ceases to carry COBRA continuation health care coverage following Executive's termination of employment.

(c) The cash and equity awards described in Section 4(c) above will become nonforfeitable, with payment made in accordance with the regular payment date(s) under the applicable vesting schedule.

(d) Limited out-placement counseling with a company of the Company's choice, provided that Executive commences participation in such counseling immediately following termination of employment, for a period of up to twelve (12) months following the termination of Executive's employment.

(e) A Short Term Incentive Compensation award payment that is (i) determined according to the applicable STIC Plan formula after the end of the relevant fiscal year; (ii) multiplied by a fraction, the numerator of which is the number of full weeks during which Executive was employed during the relevant fiscal year, and the denominator of which is 52; and (iii) subject to the discretion of the Compensation Committee to reduce (but not increase) such calculated amount by up to one-third and in a manner not inconsistent with the discretionary reduction, if any, applied to any of the Company's other executive officers with respect to such fiscal year; provided however, Executive's Maximum Award Factor shall not exceed 1.0. Such payment, as so calculated, shall be paid at the same time at which the Executive would have been paid if a termination of employment had not occurred.

In order to receive the foregoing severance compensation and benefits, Executive must execute and not revoke a release, in a form acceptable to the Company, of any and all claims against the Company and its affiliated companies and all related parties with respect to all matters arising out of Executive's employment by the Company or any of its affiliated companies and the termination thereof (other than claims for any entitlements under the terms of this Agreement or under any plans or programs of the Company or any of its affiliated companies under which Executive has accrued and is due a benefit) (a "Release").

The Company and Executive mutually acknowledge and agree that payment of the foregoing severance compensation and benefits may be adjusted, from a timing

standpoint or in the form or manner of payment, as necessary to comply with (avoid adverse tax consequences under) Section 409A or other applicable provisions of the Code.

13. Confidential Information; Company Property. Executive acknowledges that, by reason of Executive's employment by the Company and/or any of its affiliated companies, Executive has had and/or will have access to confidential information of the Company and its affiliated companies, including, without limitation, information and knowledge pertaining to business strategies, financial performance, products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, manufacturing, packaging, advertising, distribution and sales methods, customer and client lists, and relationships among and between the Company and its affiliated companies and their respective dealers, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them ("Confidential Information"). Executive also acknowledges that such Confidential Information is a valuable and unique asset of the Company and its affiliated companies. Executive promises that, both during and at all times after the period during which Executive is employed by the Company or any of its affiliated companies, Executive will not disclose any such Confidential Information to any person or entity or use any such Confidential Information for the benefit of Executive or any other person or entity (except in either case as Executive's duties as an employee of the Company may require) without the prior written authorization of the Company. The provisions in this Section and this Agreement regarding "Confidential Information" are intended to be supplemental and in addition to, and are not intended to be in lieu or in any way a limitation of, the protections afforded by, and remedies for misuse or misappropriation available under, applicable law regarding the trade secrets of the Company and its affiliated companies. For the avoidance of doubt, "Confidential Information" does not include information that is generally known to the public or in the industry through no fault of Executive.

Executive shall not remove any property or information of Company or its affiliated companies from the Company's premises, except in discharge of Executive's duties or when otherwise authorized by the Company. Executive shall return all of the Company's or its affiliated companies' property and information within seven (7) days following the cessation of Executive's employment for any reason. Upon request by the Company, Executive shall certify in writing that all copies of information subject to this Agreement located on Executive's computers or other electronic storage devices have been permanently deleted; provided, that Executive may retain copies of Executive's personnel file and documents relating to employee benefit programs or insurance plans applicable to Executive and income records to the extent necessary for Executive to prepare individual tax returns.

14. Non-Competition. Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, directly or indirectly, own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected in a competitive capacity as an officer,

director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit Executive's name to be used in connection with, any business or enterprise that (a) is engaged in the business of designing, engineering, manufacturing, marketing, selling or distributing any products or services that compete with, or are a functional equivalent of or alternative for, any of the products or services designed, engineered, manufactured, marketed, sold or distributed by the Company or any of its affiliated companies within the year prior to the termination of Executive's employment or that the Company or any of its affiliated companies are about to so do at the time of such termination of employment (the "Competing Products"), and (b) is engaged in any such activities within any state of the United States or the District of Columbia or any other country in which the Company or any of its affiliated companies engages in or is about to engage in any of such activities; provided, that for the avoidance of doubt, Executive shall not be in breach of this Section 14 solely because she is employed by a company that sells, or has an affiliate that sells, Competing Products, so long as she is employed in a division, unit or affiliate that does not sell Competing Products.

15. No Solicitation. Executive promises that, during the period that Executive is employed by the Company or any of its affiliated companies and for twelve (12) months thereafter, Executive will not, unless acting as an employee of the Company or any of its affiliated companies or with the prior written consent of the Company, (i) call on or solicit, either directly or indirectly, for any purposes involving the designing, engineering, manufacturing, marketing, selling, purchasing or distributing of any Competing Products, any person, firm, corporation or other entity who or which is or had been, at the time of or within two years prior to the termination of Executive's employment by the Company, a customer of the Company or any of its affiliated companies, or (ii) knowingly solicit for employment, or otherwise for the providing of advice or services, any person who is an employee of the Company or any of its affiliated companies or who was such an employee within six months prior to Executive's termination of employment.

16. Addition to Restricted Period. In the event Executive breaches any of Executive's obligations under Sections 14 or 15, then the period of time during which such provision is to remain in effect following the termination of Executive's employment shall be increased by the same amount of time that Executive was in breach thereof.

17. Survival of Restrictive Covenants. The obligations of Executive under Sections 13, 14 and 15 shall survive the termination of this Agreement and the termination of Executive's employment for any reason, including without limitation a termination of such employment by the Company without Cause or a termination by Executive for Good Reason. A breach by the Company of any contractual, statutory or other obligation to Executive shall not excuse compliance with or terminate Executive's obligations under those Sections or otherwise provide a defense to or preclude the Company from seeking injunctive or other relief in the event of a breach or threatened breach of those obligations by Executive.

18. Enforcement/Injunctive Relief. Executive and the Company stipulate and agree that it would be difficult to measure any damages to the Company or any of its affiliated companies resulting from a breach of any of the provisions of Sections 13, 14 or 15, but that the potential for damages in such event would be great, incalculable and irremediable, and that monetary damages alone would be an inadequate remedy.

Accordingly, Executive agrees that the Company shall be entitled to immediate injunctive relief against such breach, or threatened breach, in any court having jurisdiction, and Executive waives the right in any proceeding to enforce this Agreement by the Company or any of its affiliated companies to assert as a matter of defense or otherwise that the Company or any of its affiliated companies has an adequate remedy at law or has not been or will not be irreparably harmed by a breach or threatened breach by Executive of any of such provisions. The remedies described above shall not be the exclusive remedies, and the Company may seek any other remedy available to it either in law or in equity, including, by way of example only, statutory remedies for misappropriation of trade secrets, and including the recovery of compensatory or punitive damages. The prevailing Party, in addition to any other award in its favor, shall be entitled to recover its attorneys' fees and other costs of litigation from the non-prevailing Party in any action brought to enforce any of the terms of this Agreement; provided, however, that the Company shall not be entitled to recover from Executive the Company's attorneys' fees and other costs of litigation to the extent such fees and costs are attributable to an action brought by the Company to enforce the provisions of Section 14.

19. Reasonableness and Judicial Modification of Restrictions. Executive acknowledges and agrees that the terms of the restrictions on Executive in Sections 13, 14 and 15 are fair and reasonable, are not unreasonably broad in scope, are reasonably necessary to protect the property and other interests of the Company and the affiliated companies, and will not prevent Executive from obtaining other suitable employment in the event Executive's employment with the Company terminates. Nevertheless, if the scope of any provision contained in Sections 13, 14 or 15 is deemed by any court having jurisdiction to be too broad to permit enforcement of such provision to its fullest extent, then such provision shall nevertheless be enforced to the maximum extent permitted by applicable law, and the Company and Executive each hereby request any such court to judicially modify any such provision accordingly, and each consent to such judicial modification, in any proceeding brought to enforce such provision.

20. Publicly Traded Stock. The provisions of Section 14 shall not prohibit Executive from owning not more than one percent (1%) of the outstanding stock or other corporate security of a company that is traded or quoted on a national securities exchange or national market system.

21. Waiver of Jury Trials. Notwithstanding any right to a jury trial for any claims, Executive and the Company each waive any such right to a jury trial, and agree that any claim of any type in connection with Executive's employment by the Company or any of its affiliated companies (including but not limited to employment discrimination litigation, wage litigation, defamation, or any other claim) filed in any court will be tried, if at all, without a jury.

22. Choice of Forum; Consent to Jurisdiction. Any claim or action brought by Executive against the Company or any of its affiliated companies that arises under or relates to this Agreement or is in any way in connection with the employment of Executive by the Company or any of its affiliated companies, or the termination thereof, must be brought and maintained only in a court sitting in either (a) Marion County, Indiana, or Ripley County, Indiana, or, if in a federal court, the United States District Court for the Southern District of Indiana, Indianapolis Division, or (b) the state in which the Company is

incorporated or maintains its principal office at the time of the claim or action. Executive consents to the personal jurisdiction of any such court over Executive with respect to any claim or action brought against Executive by the Company or any of its affiliated companies arising under or relating to this Agreement or in any way in connection with Executive's employment by the Company or any of its affiliated companies, or the termination thereof.

23. Choice of Law. This Agreement shall be deemed to have been made in the State of Indiana, and shall be interpreted, construed and enforced in accordance with the laws of that State without regard to the choice of law provisions thereof.

24. Severability. The Parties agree that each and every paragraph, sentence, clause, term and provision of this Agreement is severable and that, in the event any portion of this Agreement is adjudged to be invalid or unenforceable, the remaining portions thereof shall remain in effect and be enforced to the fullest extent permitted by law.

25. Assignment. The rights and obligations of the Company under this Agreement shall inure to its benefit, as well as the benefit of its successor and affiliated companies, and shall be binding upon the successors and assigns of the Company. This Agreement, being personal to Executive, cannot be assigned by Executive, but Executive's personal representative shall be bound by all its terms and conditions.

26. Notices. Except as otherwise specifically provided or permitted elsewhere in this Agreement, any notice required or permitted to be given hereunder shall be sufficient and deemed to have been given if in writing and either hand delivered (in person or by a recognized courier or delivery service) or mailed by certified or registered U.S. Mail, return receipt requested, addressed to Executive at the last known residence address of Executive on the Company's records or to the Company at its principal office address with an additional copy mailed by regular mail to the Office of the General Counsel of Hillenbrand, Inc., One Batesville Boulevard, Batesville, Indiana 47006. This Section is not intended to modify any requirement elsewhere in this Agreement that a notice must be received by a Party ("giving" notice is not the equivalent of "receipt" of notice when receipt is expressly required or specified).

27. Amendments and Waivers. Except as specifically provided herein, any modification, amendment, extension or waiver of this Agreement or any provision hereof must be in writing and must be signed by both Parties or, in the case of a waiver, signed by the Party charged with making such waiver. The waiver by the Company or Executive of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach.

28. Executive Manuals, Policies, Etc. Notwithstanding anything in this Agreement to the contrary, the Company and its affiliated companies shall have the right from time to time to adopt, modify or amend and maintain in full force and effect any employee manuals, policies or procedures applicable to employees generally (including Executive) and any such adoption, modification or amendment shall be in force and effect without it being considered an amendment or modification of this Agreement; provided, however, that if there is a conflict between a policy or procedure adopted by the Company and this Agreement, the terms of this Agreement shall govern.

29. Enforcement by Affiliated Companies. The affiliated companies of the Company are intended to be third party beneficiaries with respect to the provisions of Sections 13-29, both inclusive, to the extent relevant to them, and such Sections shall extend to and may be enforced by any of such affiliated companies in their own names or by the Company on their behalf.

30. Integration. This Agreement supersedes and replaces any prior employment agreement or similar oral or written agreements or understandings between Executive and the Company or any of its affiliated companies in respect of the matters addressed hereby.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have signed this Agreement to be effective as of the day and year first above written.

HILLENBRAND, INC.

By: /S/ Joe A. Raver
Name: Joe A. Raver
Title: President and Chief Executive Officer

EXECUTIVE

/S/ Kristina Cerniglia
Kristina Cerniglia

EXHIBIT 31.1

CERTIFICATIONS

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Joe A. Raver, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a.) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2014

/s/ Joe A. Raver
Joe A. Raver
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

Certification of Interim Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Elizabeth E. Dreyer certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a.) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b.) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c.) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d.) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a.) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

/s/ Elizabeth E. Dreyer
Elizabeth E. Dreyer
Vice President, Controller, Chief Accounting Officer, and Interim
Chief Financial Officer

EXHIBIT 32.1

Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Hillenbrand, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joe A. Raver, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joe A. Raver

Joe A. Raver
President and Chief Executive Officer
August 6, 2014

A signed original of this written statement required by Section 906 has been provided to Hillenbrand, Inc. and will be retained by Hillenbrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Hillenbrand, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Elizabeth E. Dreyer, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Elizabeth E. Dreyer

Elizabeth E. Dreyer
Vice President, Controller, Chief Accounting Officer, and Interim
Chief Financial Officer
August 6, 2014

A signed original of this written statement required by Section 906 has been provided to Hillenbrand, Inc. and will be retained by Hillenbrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.